

SB0002_Investor-Owned_Electric_Gas_and_Gas_and_Ele

Uploaded by: Cecilia Plante

Position: FAV



TESTIMONY FOR SB0002

Investor-Owned Electric, Gas, and Gas and Electric Companies – Cost Recovery - Limitations

Bill Sponsor: Senator Hester

Committee: Education, Energy, and the Environment

Organization Submitting: Maryland Legislative Coalition

Person Submitting: Cecilia Plante, co-chair

Position: FAVORABLE

I am submitting this testimony in favor of SB0002 on behalf of the Maryland Legislative Coalition. The Maryland Legislative Coalition is an association of activists - individuals and grassroots groups in every district in the state. We are unpaid citizen lobbyists, and our Coalition supports well over 30,000 members.

Our members are tired of having their money squandered by big companies who pay their executives lavish bonuses and outlandish executive pay. None is more enraging that utility companies, who have caused innumerable and existential environmental problems with their greed.

This bill would require that utility companies do not push certain costs through to their rate payers –

- the cost of bonuses unless those bonuses were already in an employment agreement dated before December 31, 2025 or are part of a collective bargaining agreement
- executive compensation greater than 110% of the salary of a member of the Public Service Commission for that year

Additionally, it would require utility companies to reign in the costs of –

- entertainment and events
- office and facility renovations
- transportation services, including aviation
- staff development activities or events
- performance incentives
- other activities outside of the scope of the normal course of business operations

Many of the utilities rate payers are low- to moderate- income Marylanders and they should not be paying exorbitant rates for utilities so that the executives and others in the utility companies can become rich off of them.

We strongly support this bill and recommend a **FAVORABLE** report in committee.

SB0002_FAV_Christianne_Marguerite.pdf

Uploaded by: Christianne Marguerite

Position: FAV



PROGRESSIVE MARYLAND

P.O. Box 6988, Largo MD 20774

ProgressiveMaryland.org

Info@progressivemaryland.org

Bill Title: [SB0002](#) Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery - Limitations

Position: SUPPORT (FAV)

To: Education, Energy, and the Environment Committee

From: Christianne Marguerite, Director of Communications, Progressive Maryland

Date: 02/02/2026

Greetings Chair Feldman and members of the Education, Energy, and the Environment Committee,

I am Christianne Marguerite, Director of Communications for Progressive Maryland, a multi-racial, working class, power-building organization which upholds environmental justice by promoting policies that will pave the way for energy affordability. Our membership spans across the state of Maryland and one common sentiment among our members is that energy bills are too high and that the utility tycoons are the main culprit.

Gas and electric utility companies are currently authorized to transfer the cost of 1) maintaining strong financial ties with trade associations, 2) awarding high bonuses above a certain threshold to their executives, 3) funding private jets, and 4) paying for other miscellaneous costs not directly related to provider service, onto their ratepayers. When utility companies approach the Public Service Commission (PSC) to review their rate case, or proposal for how much companies can charge customers, they often include whether these executive compensation costs should be covered by customers. This means that the PSC has purview over and authority to reject such requests if they do not serve the public.

This legislation will do exactly that by setting restrictions on executive pay costs that utility companies are able to pass onto ratepayers. In a time when energy affordability is already a massive issue and Marylanders, especially those who are underserved, are struggling to make ends meet, the everyday Marylander should not be responsible for financing utility company executives. We must work to ensure that gas and electric companies discontinue profiting off of their customers for non-provider related services.

[SB0002](#) will pave the way for holding utility companies accountable for charging their customers exorbitantly high electricity rates in a time when energy prices are already unaffordable. For the reasons above, Progressive Maryland urges a favorable report.

Thank you for your consideration and time.

SB2_EXECPAY_MDPIRG_FAV.pdf

Uploaded by: Emily Scarr

Position: FAV

Maryland PIRG

SB2: Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery - Limitations

Education, Energy and the Environment

February 5th, 2026

Emily Scarr, Maryland PIRG

Favorable

Maryland PIRG is a state based, small donor funded public interest advocacy organization with grassroots members across the state. We work to find common ground around common sense solutions that will help ensure a healthier, safer, more secure future.

Marylanders are facing rapidly increasing gas and electric delivery rates from investor-owned utilities, particularly the Exelon subsidiaries Baltimore Gas and Electric (BGE), Pepco, and Delmarva Power. And while ratepayers are paying more, profits are skyrocketing and ratepayers aren't seeing commensurate value for the costs.

Rates:

- Since BGE was acquired by Exelon in 2012, gas delivery charges have more than tripled, about 3 times the rate of inflation. BGE has averaged over 8% yearly gas delivery increases.
- Electric delivery rates for BGE and Pepco have risen faster than inflation as well, with BGE electric delivery rates escalating at an average of 4.9% a year and Pepco rates escalating at an average rate of 6.4% a year since 2010.

Profits:

- BGE profits were consistently under \$150 million until the utility was bought by Exelon in 2012, since profits have rapidly increased to \$527 million in 2024, and are on pace to be even higher in 2025.
- Pepco profits were \$205 million in 2018, the year after the company's merger with Exelon, and have already nearly doubled to \$390 million in 2024.

Investor owned utilities have a right to earn a reasonable profit, but when profits and rates skyrockets and consumers are getting less value there is a regulatory problem that needs to be addressed. The best way to prevent rate hikes is rigorous prudence review of spending and disincentivising wasteful spending to ensure only prudent costs are recovered through rates. The legislature has a critical role to play as a partner to the PSC by giving them clear, statutory authority to reject excessive and imprudent recovery. This bill does just that.

This bill builds on the Ratepayer Freedom Act of 2025, by adding restrictions on what costs investor-owned utilities can recover through rates, giving direction to the PSC for future rate increase proposals.

The bill ensures that the amount of executive pay recovered from ratepayer is necessary to fulfill the job and serve customers, with a recommended cap at 110% of the maximum annual salary of a member of the Public Service Commission for the same calendar year.

The bill also directs utilities to place reasonable limitations on recovery for spending for a variety of items including entertainment, events, office renovations, transportation, etc.

As private companies, investor owned utilities have every right to pay their executives what they see fit; however, as state granted monopolies there should be reasonable limits on how much of these salary costs they can pass on to ratepayers. Tying the recommended cap to the salary of Public Service Commissioners enables utilities to hire qualified leaders with issue expertise and managerial experience to serve as executives to meet the needs of ratepayers. Allowing them to pay salaries above this threshold with shareholder profits gives them the flexibility to recruit talent seeking higher pay.

Maryland PIRG also supports the bill as amended by the House Committee, which added some technical language to clarify the bill, tied the salary recovery cap to the Commission Chair, and removed sections related to bonuses for non-managerial staff.

By passing this bill, the legislature can lower utility bills, promote transparency, and strengthen accountability for investor-owned utilities in Maryland.

We respectfully request a favorable report.

SB 2

Uploaded by: Eric Fowler

Position: FAV



PROGRESSIVE MARYLAND

P.O. Box 7595, Largo MD 20792

ProgressiveMaryland.org

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Bill Title: [SB0002](#) Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery - Limitations

Position: SUPPORT (FAV)

To: Education, Energy, and the Environment Committee

From: Eric Fowler

Date: February 3, 2026

Greetings Chair Feldman and members of the Education, Energy, and the Environment Committee,

My name is Eric Fowler, and I am a member of Progressive Maryland. Progressive Maryland is a multi-racial, working-class, power-building organization that advances environmental justice by promoting policies that deliver energy affordability. **I urge a favorable report on [SB0002](#) Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery - Limitations.**

I have experienced utility expenses as a tenant for many years and now as a first time home owner. In the last decade plus I have seen utility costs rise through the roof and witnessed friends and family downsize solely due to the cost of electricity and gas. We have all made sacrifices to afford the seemingly ever increasing utility bills, and it pains me to see so many making hard choices to keep crumbs on the table while highly paid executives take home bigger and bigger slices of the pie.

Gas and electric utility companies are currently authorized to charge ratepayers for trade association services, executive bonuses, and private jets. At a time when energy costs are skyrocketing for Marylanders like me, it is outrageous that we are allowing these wealthy companies to gouge us for their perks.

This legislation will set restrictions on executive pay costs that utility companies are able to pass onto ratepayers. In a time when energy affordability is already a massive issue and Marylanders, especially those who are underserved, are struggling to make ends meet, the average Marylander should not be responsible for financing utility company executives. We must work toward ensuring that gas and electric companies discontinue profiting from their customers for non-provider-related services.

[SB0002](#) will pave the way for holding utility companies accountable for charging their customers exorbitantly high electricity rates in a time when energy prices are already unaffordable. **For these reasons, I urge a favorable report.**

Sincerely,
Eric Fowler

Erica Puentes and Maria.D41. SB2. FAV.pdf

Uploaded by: Erica Puentes

Position: FAV



PROGRESSIVE MARYLAND

P.O. Box 7595, Largo MD 20792

ProgressiveMaryland.org

Info@progressivemaryland.org

Bill Title: SB2 Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery - Limitations

Position: SUPPORT (FAV)

To: Education, Energy, and the Environment Committee

From: Erica Puentes

Date: February 3, 2026

Dear Chair Feldman and members of the Education, Energy, and the Environment Committee,

My name is Erica Puentes, I am the Legislative Coordinator for Progressive Maryland, but I am also writing this testimony on behalf of myself and my grandmother, Maria. We are Baltimore City (D41) residents. We would like to extend our gratitude to the Speaker of the House Peña-Melnyk who is championing this bill and leading the charge on affordability for everyday Marylanders like us. We are calling on the Senate to work in partnership with the House and advance this agenda.

For residents like my grandmother, a homeowner in Northwest Baltimore who lives on a fixed income, rising utility bills aren't just painful - they make it hard to make ends meet. Her house, like many in our neighborhood, was built in the early 1900s and lacks much of the solid weatherization and insulation that could help keep the cold out during weeks of bitter temperatures. I try my best to cover our drafty windows every year, but each winter the cost to stay comfortable always knocks us out.

The fact is, these rate hikes didn't just fall out of the sky. BGE has spent millions of dollars on unnecessary infrastructure projects that bring a nice rate of return for the company's shareholders but result in higher bills for my grandmother and her neighbors - and to add insult to injury, this money is being used to fund corporate executive bonuses and private jets.

Our neighborhood is home to many elderly homeowners who live on fixed incomes that are forced to make difficult choices between basic needs like heat and medication while dealing with the financial strain of high utility bills. At the same time, Marylanders all over the state are being hit by the effects of disastrous policy choices on the federal level like deep cuts to healthcare that promise to rock our state's economy.

Ratepayers are battling the worsening cost of living crisis, a hostile federal government, and exorbitant utility bills. On top of that, utility companies are asking us to subsidize their corporate excesses. Instead of allowing utility companies to squeeze everyday Marylanders, the state should lower utility costs by centering Marylanders and not industry - and that means regulating utility companies so that they are using ratepayer dollars responsibly. **For these reasons, my grandmother and I respectively urge a favorable report on SB2** because ratepayer dollars should not be lining the pockets of corporate executives. When working class and elderly Marylanders regularly make the choice between paying for basic needs like medicine and heat, the last thing we want is for our already strained income to fund the wealthy corporate class.

SB2 Support Testimony.pdf

Uploaded by: Fern Aurelius

Position: FAV

SB2

Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery - Limitations

Thursday, February 5, 2026

Support

Dear Senator Hester and the Education, Energy, and the Environment Committee,

My name is Fern Aurelius from District 41 in Maryland. I am a young professional living and working in Baltimore City.

This bill would prevent Investor-Owned Electric, Gas, and Gas and Electric Companies from extorting more money from Marylanders. We have seen how BGE's rates have continued to rise far faster than wages. They need more oversight and this is a good start. The cost of living is very high in Maryland, and the cost of energy needs to be contained.

I respectfully urge this committee to return a favorable report on SB2.

SB2 Fav - ROUNDS.docx.pdf

Uploaded by: Heather Rounds

Position: FAV

SB0002
**Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery -
Limitations**

In the Senate - Hearing 2/05 at 1:00 p.m.
Position: FAV

My name is Heather Rounds and I am submitting this testimony in favor of SB0002. I firmly believe that there should be no rate increases as a means of lining the pockets of executive level employees. Such payment leads to no direct benefit to customers like myself, who are already increasingly burdened by rate hikes. .

I support SB0002 because it builds responsibly on reforms the General Assembly enacted in 2025 and recognizes a simple reality: Maryland residents are already paying too much for essential utility services. Last year, the legislature took important steps to ensure that ratepayers are not forced to subsidize lobbying, trade association dues, or luxury expenses like private aircraft. SB0002 continues that work by drawing a reasonable line between legitimate operating costs and executive compensation or discretionary spending that should be borne by shareholders, not customers. This bill does not prevent utilities from paying competitive salaries or bonuses—it simply ensures that those costs are not automatically passed on to families and small businesses who have no alternative provider and no ability to shop around.

Taking BGE as an example, customers like myself, are facing repeated and compounding rate increases that have far outpaced inflation. Since 2010, gas delivery rates have nearly tripled and electric delivery rates have nearly doubled, and since 2020 alone, gas delivery rates are up about 50 percent while electric delivery rates are up about 30 percent. Most recently, we have seen new base rate increases take effect on January 1, 2026, followed by additional reconciliation charges beginning in February 2026 that will remain in place through 2027—even after regulators cut BGE's request nearly in half due to affordability concerns. At a time when families like mine already struggle to pay essential utility bills, this pattern underscores why ratepayer dollars must be protected from discretionary corporate costs.

I respectfully urge this committee to support SB0002.

Thank you,

Heather Rounds

Heather Rounds / heatherrounds@gmail.com / 410.491.5722 / 5173 Viaduct Avenue,
Halethorpe MD 21227

HocoClimate Action Testimony for SB002.pdf

Uploaded by: HoCo Climate Action Organization

Position: FAV



HoCoClimateAction.org
Howard County, Maryland

Testimony: SB002 – Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery - Limitations

Hearing Date: February 5, 2026

Bill Sponsor: Senator Hester

Committee: Education, Energy, Environment

Submitting: Monica O'Connor for Howard County Climate Action

Position: Favorable

Dear Chair, Vice Chair and Committee Members,

[HoCo Climate Action](#) is a [350.org](#) local chapter and a grassroots organization representing approximately 1,400 subscribers. We are also a member of the [Climate Justice Wing](#) of the [Maryland Legislative Coalition](#). Our organization works with residents and ally organizations to promote a safe climate and clean energy future. Specifically, we have worked extensively on building electrification to help Maryland achieve its ambitious climate goals, including net-zero emissions.

We urge you to vote **favorably** on SB002 Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery - Limitations

SB002 is a consumer-friendly bill that is urgently needed at a time when gas and electric utility rates are skyrocketing. The bill does not limit utility executive compensation, but rather limits the amount of compensation, including bonuses, that can be recovered through rates (i.e., gas and electric customers' bills). It sets the amount of compensation that a supervisor can recover through rates to 110% of the maximum annual salary of a Maryland Public Service Commissioner in the same year. There are exceptions for employees with a written contract that was executed before December 21, 2025 and those who are covered by a valid collective bargaining agreement.

Maryland's investor-owned utilities are regulated monopolies. As such, they have a responsibility to ensure that ratepayers are charged "just and reasonable rates" for their gas and electricity. Ratepayers should not bear the cost of exorbitant executive compensation. While our utilities express their concern about rate-basing the cost of energy efficiency and other programs that advance Maryland's climate goals, they do not seem similarly concerned about the ratepayer impacts of their own compensation. This bill does not limit executive compensation, but simply caps the portion that is charged to customers, offering a better balance in who pays for what – ratepayers or shareholders. This is why the Minnesota Public Utilities Commission has taken similar steps.

For these reasons, we urge the Committee to vote **favorably** on SB002.

Howard County Climate Action
Submitted by Monica O'Connor, Steering and Advocacy Committee
www.HoCoClimateAction.org
HoCoClimateAction@gmail.com

SB0002_FAV_Alex_Hirtle.pdf

Uploaded by: Iman Habib

Position: FAV



PROGRESSIVE MARYLAND

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ProgressiveMaryland.org

Info@progressivemaryland.org

Bill Title: [SB0002](#) Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery - Limitations

Position: SUPPORT (FAV)

To: Education, Energy, and the Environment Committee

From: Alex Hirtle

Date: February 3, 2026

Greetings Chair Feldman and members of the Education, Energy, and the Environment Committee,

My name is Alex Hirtle. **I urge a favorable report on [SB0002](#) Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery - Limitations.**

My family has been affected by higher utility rates- we are paying more than ever for natural gas and electricity, and should not be subsidizing perks for utility executives.

Gas and electric utility companies are currently authorized to charge ratepayers for trade association services, executive bonuses, and private jets. At a time when energy costs are skyrocketing for Marylanders like me, it is outrageous that we are allowing these wealthy companies to gouge us for their perks.

This legislation will set restrictions on executive pay costs that utility companies are able to pass onto ratepayers. In a time when energy affordability is already a massive issue and Marylanders, especially those who are underserved, are struggling to make ends meet, the average Marylander should not be responsible for financing utility company executives. We must work toward ensuring that gas and electric companies discontinue profiting from their customers for non-provider-related services.

[SB0002](#) will pave the way for holding utility companies accountable for charging their customers exorbitantly high electricity rates in a time when energy prices are already unaffordable. **For these reasons, I urge a favorable report.**

Sincerely,

Alex Hirtle

SB0002_FAV_Greg_Rice.pdf

Uploaded by: Iman Habib

Position: FAV



PROGRESSIVE MARYLAND

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Info@progressivemaryland.org

Bill Title: [SB0002](#) Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery - Limitations

Position: SUPPORT (FAV)

To: Education, Energy, and the Environment Committee

From: Greg Rice

Date: February 3, 2026

Greetings Chair Feldman and members of the Education, Energy, and the Environment Committee,

My name is Greg Rice, and I am a member of Progressive Maryland. Progressive Maryland is a multi-racial, working-class, power-building organization that advances environmental justice by promoting policies that deliver energy affordability. **I urge a favorable report on [SB0002](#) Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery - Limitations.**

Gas and electric utility companies are currently authorized to charge ratepayers for trade association services, executive bonuses, and private jets. At a time when energy costs are skyrocketing for Marylanders like me, it is outrageous that we are allowing these wealthy companies to gouge us for their perks.

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[SB0002](#) will pave the way for holding utility companies accountable for charging their customers exorbitantly high electricity rates in a time when energy prices are already unaffordable. **For these reasons, I urge a favorable report.**

Sincerely,
Greg Rice

SB0002_FAV_Iman_Habib.pdf

Uploaded by: Iman Habib

Position: FAV



PROGRESSIVE MARYLAND

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Bill Title: [SB0002](#) Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery - Limitations

Position: SUPPORT (FAV)

To: Education, Energy, and the Environment Committee

From: Iman Habib, Climate Policy Analyst on behalf of Progressive Maryland

Date: February 2, 2026

Good afternoon Chair Feldman and members of the Education, Energy, and the Environment Committee,

My name is Iman Habib and I am the Climate Policy Analyst for Progressive Maryland which is a multi-racial, power-building organization that advocates for working class people who are faced with a variety of injustices, one being energy affordability. We have over 125,000 members and supporters across the state, with significant bases in Baltimore City, Prince George's, Montgomery, Frederick, Harford counties, and the Eastern Shore. Since this past summer, we've knocked on over 10,000 doors listening to the concerns of everyday Marylanders and one of the most common issues they struggle with is skyrocketing utility bills. For this reason, **Progressive Maryland is in strong support of SB2 - Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery - Limitations.**

Take for instance the story of Alice Lucas, Progressive Maryland member from Temple Hills, Prince Georges County. Ms. Lucas reports that her utility bills sharply increased three to four years ago after a change in property management and have remained consistently high, sometimes reaching \$280-\$300 per month, creating ongoing financial strain on her fixed income and forcing difficult choices between basic needs like heat and medication. These rising costs, combined with deteriorating living conditions and slow or inconsistent responses to maintenance requests, have made it increasingly hard for her to afford monthly bills and necessities, leaving her to seek additional assistance as these challenges threaten her housing stability and overall well-being in the community she has called home for over a decade.

This is only one of the many stories of Marylanders facing housing and financial instability due in part to the high costs of utilities. Instead of allowing the utility companies to use our money irresponsibly, the state should work on lowering utility costs by centering Marylanders not industry—and this means ratepayer money should not be funding corporate excess.

Progressive Maryland is respectfully urging a favorable report on SB2 because ratepayer dollars should not be lining the pockets of corporate executives. When working class Marylanders regularly make the choice between paying for basic needs like medicine and heat, the last thing they want is for their already strained income to fund the wealthy corporate class.

Thank you for your consideration and time.

SB0002_FAV_Jacquelyn_Filson.pdf

Uploaded by: Iman Habib

Position: FAV



PROGRESSIVE MARYLAND

P.O. Box 6988, Largo MD 20774

ProgressiveMaryland.org

Info@progressivemaryland.org

Bill Title: [SB0002](#) Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery - Limitations

Position: SUPPORT (FAV)

To: Education, Energy, and the Environment Committee

From: Jacquelyn Filson

Date: February 3, 2026

Greetings Chair Feldman and members of the Education, Energy, and the Environment Committee,

My name is Jacquelyn Filson, and I am a member of Progressive Maryland. Progressive Maryland is a multi-racial, working-class, power-building organization that advances environmental justice by promoting policies that deliver energy affordability. **I urge a favorable report on [SB0002](#) Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery - Limitations.**

My bill was \$378.25 this month just from trying to keep my small, two bedroom row home warm during these cold weeks. This was \$145 higher than last month, which was already high. I keep my downstairs central heat at a moderately low 67-69 degrees on average and rarely use my top floor splits, where our bedrooms are, at all. This is unreasonable and unsustainable.

Gas and electric utility companies are currently authorized to charge ratepayers for trade association services, executive bonuses, and private jets. At a time when energy costs are skyrocketing for Marylanders like me, it is outrageous that we are allowing these wealthy companies to gouge us for their perks.

This legislation will set restrictions on executive pay costs that utility companies are able to pass onto ratepayers. In a time when energy affordability is already a massive issue and Marylanders, especially those who are underserved, are struggling to make ends meet, the average Marylander should not be responsible for financing utility company executives. We must work toward ensuring that gas and electric companies discontinue profiting from their customers for non-provider-related services.

[SB0002](#) will pave the way for holding utility companies accountable for charging their customers exorbitantly high electricity rates in a time when energy prices are already unaffordable. **For these reasons, I urge a favorable report.**

Sincerely,
Jacquelyn Filson

SB0002_FAV_Larry_Lewis.pdf

Uploaded by: Iman Habib

Position: FAV



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Bill Title: [SB0002](#) Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery - Limitations

Position: SUPPORT (FAV)

To: Education, Energy, and the Environment Committee

From: Larry Lewis

Date: February 3, 2026

Greetings Chair Feldman and members of the Education, Energy, and the Environment Committee,

My name is Larry Lewis, and I am a member of Progressive Maryland. Progressive Maryland is a multi-racial, working-class, power-building organization that advances environmental justice by promoting policies that deliver energy affordability. **I urge a favorable report on [SB0002](#) Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery - Limitations.**

As a resident of Maryland for the last 4 decades, I have seen energy prices go for being affordable to the second biggest bill for most residents pay after their mortgage or rent. Things have really gotten out of control to the point where I have friends leaving the State because its Unaffordable now. I may be next if things do not get under control.

Gas and electric utility companies are currently authorized to charge ratepayers for trade association services, executive bonuses, and private jets. At a time when energy costs are skyrocketing for Marylanders like me, it is outrageous that we are allowing these wealthy companies to gouge us for their perks.

This legislation will set restrictions on executive pay costs that utility companies are able to pass onto ratepayers. In a time when energy affordability is already a massive issue and Marylanders, especially those who are underserved, are struggling to make ends meet, the average Marylander should not be responsible for financing utility company executives. We must work toward ensuring that gas and electric companies discontinue profiting from their customers for non-provider-related services.

[SB0002](#) will pave the way for holding utility companies accountable for charging their customers exorbitantly high electricity rates in a time when energy prices are already unaffordable. **For these reasons, I urge a favorable report.**

Sincerely,
Larry Lewis

SB0002_FAV_Venice_Hernandez.pdf

Uploaded by: Iman Habib

Position: FAV



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Bill Title: [SB0002](#) Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery - Limitations

Position: SUPPORT (FAV)

To: Education, Energy, and the Environment Committee

From: Venice hernandez

Date: February 3, 2026

Greetings Chair Feldman and members of the Education, Energy, and the Environment Committee,

My name is Venice Hernandez, and I am a member of Progressive Maryland. Progressive Maryland is a multi-racial, working-class, power-building organization that advances environmental justice by promoting policies that deliver energy affordability. **I urge a favorable report on [SB0002](#) Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery - Limitations.**

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[SB0002](#) will pave the way for holding utility companies accountable for charging their customers exorbitantly high electricity rates in a time when energy prices are already unaffordable. **For these reasons, I urge a favorable report.**

Sincerely,
Venice hernandez

SB0002_FAV_Virginia_Tufts.pdf

Uploaded by: Iman Habib

Position: FAV



PROGRESSIVE MARYLAND

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Info@progressivemaryland.org

Bill Title: [SB0002](#) Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery - Limitations

Position: SUPPORT (FAV)

To: Education, Energy, and the Environment Committee

From: Virginia Tufts

Date: February 3, 2026

Greetings Chair Feldman and members of the Education, Energy, and the Environment Committee,

My name is Virginia Tufts, and I am a member of Progressive Maryland. Progressive Maryland is a multi-racial, working-class, power-building organization that advances environmental justice by promoting policies that deliver energy affordability. **I urge a favorable report on [SB0002](#) Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery - Limitation**

My Delmarva Power has increased since October 2025, and is making it hard for a senior citizen to live on social security.

Gas and electric utility companies are currently authorized to charge ratepayers for trade association services, executive bonuses, and private jets. At a time when energy costs are skyrocketing for Marylanders like me, it is outrageous that we are allowing these wealthy companies to gouge us for their perks.

This legislation will set restrictions on executive pay costs that utility companies are able to pass onto ratepayers. In a time when energy affordability is already a massive issue and Marylanders, especially those who are underserved, are struggling to make ends meet, the average Marylander should not be responsible for financing utility company executives. We must work toward ensuring that gas and electric companies discontinue profiting from their customers for non-provider-related services.

[SB0002](#) will pave the way for holding utility companies accountable for charging their customers exorbitantly high electricity rates in a time when energy prices are already unaffordable. **For these reasons, I urge a favorable report.**

Sincerely,

Virginia Tufts

CCAN Testimony for SB 02.pdf

Uploaded by: Jamie DeMarco

Position: FAV

**Favorable testimony for
Electric Company Contracts, Capacity Market Models, and Regional Transmission
Organizations - Studies**

SB 2

**Senate Education, Energy, and Environment Committee
2/5/2026**

**Jamie DeMarco
Chesapeake Climate Action Network Action Fund
Lobbyist**

On behalf of the Chesapeake Climate Action Network Action Fund, I urge a favorable report on SB2, Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery - Limitations.

Energy bills are rising to record levels at the same time that utility executives are getting paid more in bonuses than many people make in a year. Right now, these executive bonuses are being paid for by ratepayers and higher energy bills. HB 1 would still allow for employees of utility companies to get paid bonuses, but the money for those bonuses would come from the shareholder profits of the company and would not be put on ratepayers and their energy bills.

Executive bonuses are not the primary reason energy bills are rising, but it is important to pull every lever available to us to make energy more affordable. HB 1 will allow Marylanders to rest easier knowing that their energy bills are not going to pay for exorbitant bonus pay for utility executives.

CONTACT
Jamie DeMarco, Lobbyist
jamie@demarcoavocacy.com, 443-845-5601

SB2_fav_EconAction.pdf

Uploaded by: Jennifer Bevan-Dangel

Position: FAV



**SB2: Investor-Owned Electric, Gas, and Gas and Electric Companies –
Cost Recovery – Limitations**

Position: Favorable

February 5, 2026

The Honorable Brian Feldman, Chair
Education, Energy, and the Environment Committee
2 West Miller Office Building
Annapolis, MD 21401
Cc: Members of the Committee

Chair Feldman and members of the Education, Energy, and the Environment Committee,

Economic Action Maryland Fund urges a favorable report on SB2, which builds on the Ratepayer Freedom Act of 2025 and adds restrictions to what investor-owned utilities can recover through rates, with a particular focus on executive compensation, as well as some limitations on miscellaneous corporate expenditures.

As the members of this committee are painfully aware, energy rates have risen dramatically in recent years due to a variety of factors. Thousands of Marylanders each year face shutoff notices due to nonpayment, while many others are forced to juggle multi-hundred-dollar utility bills alongside the ever-increasing costs of rent, groceries, and other necessities.

Captive ratepayers should not be forced to subsidize expenses that provide them no direct benefit. There is a clear hypocrisy in expecting ratepayers who are struggling to pay for basic necessities to fund lavish compensation packages for top executives, or those who cannot afford their groceries because of utility bills to help pay for company entertainment and events.

In a free market, consumers can comparison shop, providing incentives to corporations to keep costs reasonable. But in our regulated utility market, consumers do not have choice and there must be reasonable limits on the personal and corporate profits that companies can pass on to captive consumers.

SB2 is a commonsense, pro-consumer measure that promotes transparency, prevents unnecessary costs from being passed onto ratepayers, and ensures that Marylanders are not paying more than they should for their essential utility services. For these reasons, we urge a favorable report and would support any technical amendments that would strengthen oversight and implementation by the PSC.

Sincerely,
Jennifer Bevan-Dangel, Deputy Director

Economic Action (formerly the Maryland Consumer Rights Coalition) champions economic rights and housing justice through advocacy, research, consumer education, and direct service. Our 12,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

2209 Maryland Ave · Baltimore, MD 21218 | www.econaction.org
Marceline White · Marceline@EconAction.org | Jennifer Bevan-Dangel · Jennifer@EconAction.org

Hester_SB 2 Testimony (1).pdf

Uploaded by: Katie Fry Hester

Position: FAV

KATIE FRY HESTER
Legislative District 9
Howard and Montgomery Counties

Education, Energy, and the
Environment Committee

Chair

Joint Committee on
Cybersecurity, Information Technology,
and Biotechnology



James Senate Office Building
11 Bladen Street, Room 304
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410-841-3671
800-492-7122 Ext. 3671
KatieFry.Hester@senate.maryland.gov

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Testimony in Support of SB2 - Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery - Limitations

February 3, 2026

Chair Feldman, Vice-Chair Kagan, and members of the Education, Energy, and Environment Committee:

Thank you for your consideration of SB2, a consumer protection measure designed to lower Marylanders' energy bills and place reasonable limits on how investor-owned utilities spend ratepayer dollars.

Marylanders are facing rapidly rising electric and gas delivery charges, while investor-owned utilities are reporting record profits and paying increasingly grand executive compensation, much of which is recovered directly from customers through their monthly bills.

At the same time, profits have surged. BGE's profits, which were consistently below \$150 million prior to Exelon's acquisition in 2012, reached approximately \$527 million in 2024. Pepco's profits have nearly doubled since its merger with Exelon, rising from about \$205 million in 2018 to nearly \$390 million in 2024.¹ These profits have coincided with executive compensation packages that far exceed what most Maryland families can fathom – Exelon's CEO alone received more than \$14 million in compensation in 2024.

In Maryland, thousands of households receive shutoff notices each year because they cannot pay their bills. We are all hearing from families that are forced to make impossible choices between paying their utility bills, buying groceries, or covering rent and medical expenses. Ratepayers should not be required to subsidize costs that do not improve reliability, safety, or affordability. There is a fundamental imbalance when struggling households are asked to fund bonuses, inflated base salaries, or corporate entertainment that primarily benefits shareholders rather than customers. Investor-owned utilities are entitled to earn a reasonable profit, but not at the expense of ratepayers.

¹ <https://exeloncorporation.gcs-web.com/sec-filings>

SB2 draws a clear and reasonable line. This bill does not prohibit utility companies from offering bonuses or incentives to their employees; instead, it ensures that ratepayers are not required to subsidize excessive executive compensation. Specifically, SB 2 prohibits utilities from recovering from customer rates executive compensation that exceeds 110 percent of the annual salary of a Public Service Commission Commissioner, and it bars ratepayer funding of bonus or incentive compensation.

The bill also requires utility boards to adopt policies limiting recovery of non-essential corporate expenses, such as entertainment, events, transportation services, and office renovations, while expressly protecting collectively bargained employees and honoring existing employment contracts. Health, medical, life insurance, and disability benefits are excluded, and no current contract executed on or before December 31, 2025, is disturbed.

SB 2 strengthens accountability and ensures that ratepayer dollars are used for their intended purpose: delivering safe, reliable, and affordable energy, not underwriting excessive executive pay. It is estimated that this could save ratepayers over \$100 million, according to IBEW estimations.

As more Marylanders struggle under rising energy costs, we have a responsibility to act. SB 2 is a measured, targeted response that protects consumers while preserving utilities' ability to operate and attract talent using shareholder funds.

For these reasons, I respectfully request a favorable report on SB 2.

Sincerely,

A handwritten signature in cursive script that reads "Katie Fry Hester".

Senator Katie Fry Hester
Howard and Montgomery Counties

SB2_ARRP_FAVORABLE.pdf

Uploaded by: Laurel Peltier

Position: FAV



One Park Place | Suite 475 | Annapolis, MD 21401-3475
1-866-542-8163 | Fax: 410-837-0269
aarp.org/md | md@aarp.org | twitter: @aarpm
facebook.com/aarpm

**SB 2 Investor-Owned Electric, Gas, and Gas and Electric Companies –
Cost Recovery – Limitations
Senate Education, Energy, and the Environment Committee
February 5, 2026
FAVORABLE**

Good afternoon, Feldman, Vice Chair Kagan, and members of the Education, Energy, and the Environment Committee. My name is Laurel Peltier, and I am a proud member of AARP Maryland and a resident of Baltimore County. AARP Maryland represents more than 850,000 members across the state, making it one of the largest membership-based organizations advocating for older Marylanders. We appreciate the opportunity to testify in strong support of SB 2. We thank Senator Hester for introducing this important legislation on behalf of Maryland ratepayers.

AARP is a nonpartisan, nonprofit organization dedicated to empowering people to live their best lives as they age. Our work focuses on issues that matter most to older adults and their families, including affordable utilities, financial security, health care access, and protection from financial exploitation.

Older Marylanders, like all utility customers, deserve fair and just rates, free from hidden or unnecessary expenses. SB 2 ensures that ratepayer dollars are used responsibly and not to fund excessive expenditures for entertainment and events, office and facility renovations, transportation services, including aviation, staff development, performance incentives, and other activities outside the scope of normal business activities.

These are unusual times for Maryland's older adults, as many find the current electricity and gas rates truly unaffordable. The health and safety of older residents have been negatively affected as they scramble to pay for utilities to avoid terminations and keep the power on. AARP Maryland thinks it's reasonable to require the utilities' Board of Directors to adopt company-wide policies that judiciously spend rate payers' funds on the above business activities.

For these reasons, we respectfully urge the committee to support SB 2.

If you have any questions, please contact Sara Westrick, AARP Maryland Advocacy Director at swestrick@aarp.org or by calling 410-310-0374.



SB002_Investor Owned Gas Elec Company Cost Recover

Uploaded by: Laurie McGilvray

Position: FAV



Testimony on: SB002 – Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery - Limitations
Committee: Education, Energy and the Environment
Organization: Maryland Legislative Coalition Climate Justice Wing
Submitting: Laurie McGilvray, Co-Chair
Position: Favorable
Hearing Date: February 5, 2026

Dear Chair and Committee Members:

We are providing our testimony in support of SB002, *Investor-Owned Electric, Gas, and Gas and Electric Companies – Cost Recovery - Limitations*. The Maryland Legislative Climate Justice Wing is a statewide coalition of 32 grassroots and professional organizations focused on climate justice and we urge you to vote favorably on SB002.

SB002 is a consumer-friendly bill that is urgently needed at a time when gas and electric utility rates are skyrocketing. The bill does not limit utility executive compensation, but rather limits the amount of compensation, including bonuses, that can be recovered through rates (i.e., gas and electric customers' bills). It sets the amount of compensation that a supervisor can recover through rates to 110% of the maximum annual salary of a Maryland Public Service Commissioner in the same year. There are exceptions for employees with a written contract that was executed before December 21, 2025 and those who are covered by a valid collective bargaining agreement.

Maryland's investor-owned utilities are regulated monopolies. As such, they have a responsibility to ensure that ratepayers are charged "just and reasonable rates" for their gas and electricity. Ratepayers should not bear the cost of exorbitant executive compensation. While our utilities express their concern about rate-basing the cost of energy efficiency and other programs that advance Maryland's climate goals, they do not seem similarly concerned about the ratepayer impacts of their own compensation. This bill does not limit executive compensation, but simply caps the portion that is charged to customers, offering a better balance in who pays for what – ratepayers or shareholders. This is why the Minnesota Public Utilities Commission has taken similar steps.

For these reasons, we urge the Committee to vote favorably on SB002.

350MoCo
Adat Shalom Climate Action
Cedar Lane Unitarian Universalist Church Environmental Justice Ministry

Chesapeake Earth Holders
Chesapeake Physicians for Social Responsibility
Climate Parents of Prince George's
Climate Reality Greater Maryland
ClimateXChange
Coming Clean Network, Union of Concerned Scientists
DoTheMostGood Montgomery County
Echotopia
Elders Climate Action
Fix Maryland Rail
Glen Echo Heights Mobilization
Greenbelt Climate Action Network
HoCoClimateAction
IndivisibleHoCoMD
Maryland Legislative Coalition
Maryland Third Act
Mizrahi Family Charitable Fund
Mobilize Frederick
Montgomery County Faith Alliance for Climate Solutions
Montgomery Countryside Alliance
Mountain Maryland Movement
Nuclear Information & Resource Service
Progressive Maryland
Safe & Healthy Playing Fields
Takoma Park Mobilization Environment Committee
The Climate Mobilization MoCo Chapter
Unitarian Universalist Legislative Ministry of Maryland

Testimony SB02.pdf

Uploaded by: Lisa Siano

Position: FAV

Hello. My name is Lisa Siano. I live in Columbia MD.

I am writing to urge a favorable report on SB 02.

Gas and electric companies should be blocked from charging extra to pay for bonuses for their executives, as BGE rates have continued to rise far faster than wages. There is no reason hard working citizens should have to pay extra for bonuses for executives when workers can't afford the rates as it is.

Thank you for your kind attention.

SB2 Utility Cost Recovery Limitations EconAction F

Uploaded by: Marceline White

Position: FAV



**SB2: Investor-Owned Electric, Gas, and Gas and Electric Companies –
Cost Recovery – Limitations
Position: Favorable**

February 5, 2026

The Honorable Brian Feldman, Chair
Education, Energy, & the Environment Committee
2 West, Miller Senate Office Building
Annapolis, MD 21401
Cc: Members of the Committee

Chair Feldman and members of the committee,

Economic Action Maryland Fund urges a favorable report on SB2, which builds on the Ratepayer Freedom Act of 2025 and adds restrictions to what investor-owned utilities can recover through rates, with a particular focus on executive compensation, as well as some limitations on miscellaneous corporate expenditures.

As the members of this committee are painfully aware, energy rates have risen dramatically in recent years due to a variety of factors. Thousands of Marylanders each year face shutoff notices due to nonpayment, while many others are forced to juggle multi-hundred-dollar utility bills alongside the ever-increasing costs of rent, groceries, and other necessities.

Captive ratepayers should not be forced to subsidize expenses that provide them no direct benefit. There is a clear hypocrisy in expecting ratepayers who are struggling to pay for basic necessities to fund lavish compensation packages for top executives, or those who cannot afford their groceries because of utility bills to help pay for company entertainment and events.

In a free market, consumers can comparison shop, providing incentives to corporations to keep costs reasonable. But in our regulated utility market, consumers do not have choice and there must be reasonable limits on the personal and corporate profits that companies can pass on to captive consumers.

SB2 is a commonsense, pro-consumer measure that promotes transparency, prevents unnecessary costs from being passed onto ratepayers, and ensures that Marylanders are not paying more than they should for their essential utility services. For these reasons, we urge a favorable report and would support any technical amendments that would strengthen oversight and implementation by the PSC.

Best,

Marceline White
Executive Director

Economic Action (formerly the Maryland Consumer Rights Coalition) champions economic rights and housing justice through advocacy, research, consumer education, and direct service. Our 12,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

2209 Maryland Ave · Baltimore, MD 21218 | www.econaction.org
Marceline White · Marceline@EconAction.org | Jennifer Bevan-Dangel · Jennifer@EconAction.org

SB0002_FAV_Queen_Nwafor.pdf

Uploaded by: Queen Nwafor

Position: FAV

Bill Title: [SB0002](#) Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery - Limitations

Position: SUPPORT (FAV)

To: Education, Energy, and the Environment Committee

From: Queen Nwafor

Date: February 3, 2026

Greetings Chair Feldman and members of the Education, Energy, and the Environment Committee,

My name is Queen Nwafor, and I stand in support of Progressive Maryland concerning SB 0002. Progressive Maryland is a multi-racial, working-class, power-building organization that advances environmental justice by promoting policies that deliver energy affordability. **I urge a favorable report on [SB0002](#) Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery - Limitations.**

Gas and electric utility companies are currently authorized to charge ratepayers for trade association services, executive bonuses, and private jets. At a time when energy costs are skyrocketing for Marylanders like me, it is outrageous that we are allowing these wealthy companies to gouge us for their perks.

This legislation will set restrictions on executive pay costs that utility companies can pass on to ratepayers. In a time when energy affordability is already a massive issue and Marylanders, especially those who are underserved, are struggling to make ends meet and are impacted by ongoing atrocities from the federal government, the average Marylander should not be responsible for financing utility company executives. We must work toward ensuring that gas and electric companies discontinue profiting from their customers for non-provider-related services.

[SB0002](#) will pave the way for holding utility companies accountable for charging customers exorbitant electricity rates at a time when energy prices are already unaffordable. **For these reasons, I urge a favorable report.**

Sincerely,
Queen Nwafor

Maryland LCV SB 2 FAV_ Investor-Owned Electric, Ga

Uploaded by: Rebecca Rehr

Position: FAV



**MARYLAND
LEAGUE OF
CONSERVATION
VOTERS**

**Maryland LCV
Board of Directors**

Patrick Miller
Chair

Honorable Nancy Kopp
Treasurer

Bonnie Norman
Secretary

Kimberly Armstrong

Caroline Baker

Joe Gill

Lynn Heller

Honorable Steve Lafferty

Kevin Loeb

Kim Coble
Executive Director

February 5, 2026

**SUPPORT Investor-Owned Electric, Gas, and Gas and Electric Companies -
Cost Recovery - Limitations**

Mr. Chairman and Members of the Committee:

Maryland LCV supports SB 2 Investor - Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery - Limitations. We thank Senator Hester for her leadership on this issue.

Maryland LCV is committed to advancing clean energy solutions that increase grid reliability and decrease ratepayer impacts while achieving the state's climate targets.

SB 2 will ensure much needed protections to ratepayers from utility expenses that do not directly improve service, reliability, or affordability. This bill places reasonable limits on the costs that investor-owned electric and gas utilities may recover through customer rates, particularly around executive compensation and discretionary corporate spending. The bill focuses on ensuring the amount of executive pay recovered from ratepayers is reasonable, with a recommended cap at 110% of the maximum annual salary of a member of the Public Service Commission. SB 2 draws a clear line between legitimate operational costs and expenses that should remain the responsibility of utility shareholders, not customers. This is an important step to reduce electricity bills.

The bill requires utility boards to limit spending on entertainment, office renovations, transportation services, staff development and incentive programs. These guardrails are essential to ensure that ratepayer dollars are being used responsibly and in ways that provide real value to customers. This legislation helps correct the imbalance that currently allows corporate expenses to be shifted onto already struggling consumers.

Maryland has made clear commitments to protecting consumers and ensuring fairness in utility regulation. This bill reinforces those commitments by prioritizing transparency and accountability. We support the legislation as amended by the House, which helps clarify several aspects of the bill.

Maryland LCV wants to Power Maryland Forward, supporting **energy affordability** through **deployment of solar and storage, defense against more fossil fuels** and **unchecked utility profits**, while **getting the most out of the electricity grid we have**. Maryland LCV urges a favorable report on this important bill as part of this framework.

30 West Street, Suite C
Annapolis, MD 21401
Phone: 410-280-9855

www.mdldcv.org

Testimony in support of SB0002 - Companies - Cost

Uploaded by: Richard KAP Kaplowitz

Position: FAV

02/05/2026

Richard Keith Kaplowitz
Frederick, MD 21703

TESTIMONY ON SB#/0002- POSITION: FAVORABLE

**Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery –
Limitations**

TO: Chair Feldman, Vice Chair Kagan, and members of the Education, Energy and the Environment Committee

FROM: Richard Keith Kaplowitz

My name is Richard Keith Kaplowitz. I am a resident of District 3, Frederick County. I am submitting this testimony in support of SB#/0002, Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery – Limitations

This bill has a simple purpose, to prevent utilities from using excess profits earned by increasing costs to consumers to pay exorbitant salaries and bonuses to executives and other employees in their corporation.

The Energy and Policy Institute reported *As Customers Struggled, Utility CEOs' Pay Spiked Last Year*¹

While many Americans saw their energy bills go up substantially in the past year, investor-owned electric and gas utilities and the country's largest publicly owned utility paid their CEOs over \$647 million in 2023, an increase of 9 percent over 2022, an analysis by the Energy and Policy Institute has found.

The CEOs for the 57 companies and the federally-run Tennessee Valley Authority reviewed for this analysis received more than [\\$3 billion](#) in total between 2019 and 2023. During this time, the same utilities [disconnected millions](#) of customers for being unable to pay their monthly bills.

The bill will mandate this change in the greed of the utility companies by prohibiting certain public service companies from recovering through rates any costs associated with paying certain employees a bonus unless the employee has a written contract executed by December 31, 2025, or the employee is covered by a valid collective bargaining agreement; prohibiting a certain public service company from recovering through rates any costs associated with a supervisor's annual compensation once the compensation exceeds a certain amount; etc.

Maryland can and should protect its residents from utility unaffordability and rates used to reward bonuses and compensation not tied to the purpose of the utility in service to the public.

I respectfully urge this committee to return a favorable report on SB#/0002.

¹ <https://energyandpolicy.org/as-customers-struggled-utility-ceos-pay-spiked-last-year/>

SB 2 - Favorable.pdf

Uploaded by: Shamoyia Gardiner

Position: FAV

ZEKE COHEN
Council President



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Baltimore, Maryland 21202
410-396-4804 • Fax 410-539-0647
council.president@baltimorecity.gov

BALTIMORE CITY COUNCIL

BALTIMORE, MARYLAND 21202

February 5, 2026

Honorable Chair Feldman and members of the Senate Education, Energy, and the Environment committee,

I write to you in support of Senate Bill 2, Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery - Limitations.

The 74th Baltimore City Council has hosted and will again host Baltimore Gas and Electric (BGE) in our chambers to discuss the impacts of their skyrocketing rates on Baltimoreans. We have heard from residents telling us nightmares about the impact of recent rate increases on their monthly bills and their ability to live quality lives. One of the stories that has resonated with me most was from an elder who told us of how she was forced to choose carefully between heating her home and plugging in her oxygen tank, for fear of a BGE bill so massive it would financially ruin her. We must do better for those we serve.

According to research from the American Council for an Energy-Efficient Economy (ACEEE), low-income Baltimore ratepayers have among the highest financial burden from energy bills in the country—**1 in 4 of these residents pay more than the recommended 15% of their income in energy bills**¹. In a time when affordability is on the lips of every serious elected official and prices seem to rise every day, it's our responsibility to do what we can to level the economic playing field.

What Senate Bill 2 offers is a big step towards ensuring accountability and transparency in rate-setting and profit utilization. This legislation can help us all ensure that all of us, cost-burdened ratepayers alike, are not shouldering the burden of private sector bonuses and executive salaries. While the legislature continues to debate this bill and HB 1, the Baltimore City Council will host another hearing on February 11 at 5:30p to investigate both safety and affordability for our residents under BGE. It is heartening to see state and local government aligned in taking up this important work.

For all these reasons, **I urge the committee to vote favorably on this bill.** Please contact my office with any further questions.

CC: Shamoyia Gardiner, Deputy Chief of Staff and Legislative Director

¹ *Energy Burdens in Baltimore*, ACEEE. September 2020. [aceee-01_energy_burden_-_baltimore.pdf](#)

SB0002_Cost Recovery Limitations Gas and Electric_

Uploaded by: Sonia Demiray

Position: FAV



SB0002 - SUPPORT
Sonia Demiray
Climate Communications Coalition
sonia@demirayink.com
202-744-2948

**SB0002 –Investor-Owned Electric, Gas, and Gas and Electric Companies,
Cost Recovery Limitations**

Education, Energy, and the Environment
February 5, 2026

Dear Chair Feldman, Vice Chair Kagan, and Members of the Education, Energy, and the Environment Committee

The Climate Communications Coalition is a Maryland-based grassroots climate and environmental justice non-profit, a member of the Mid-Atlantic Justice Coalition, and of the Maryland Climate Justice Wing. The Climate Communications Coalition strongly supports SB0002.

Building on the Ratepayer Freedom Act of 2025, SB0002 establishes certain restrictions on what can be recovered from ratepayers by investor-owned utilities, a common-sense measure for any state-granted monopoly. For example, it limits the amount of executive pay recovered from ratepayers to the necessary to fulfill the job and serve customers, with a reasonable cap at 110% of the maximum annual salary of a member of the Public Service Commission. Adding some clarifying language to provide PSC with the authority for the cost recovery and adding prudence review requirements would support the effectiveness of this bill.

Since BGE was purchased by Exelon, profits rose from \$150 million in 2012 to \$527 million in 2024; Pepco's profits rose from \$205 million when it merged with Exelon in 2018, to \$390 million in 2024. Today, these highly lucrative companies continue to expand their profit margins, now with the demands from the ill-advised data center proliferation that has been imposed on Marylanders at the expense of our vital clean, affordable energy transition. As Marylanders are defaulting on their utility payments due to the associated exorbitant price hikes, they should not also be required to bear the cost of extravagant executive compensation.

The Climate Communications Coalition respectfully requests a favorable report on SB0002.

###

Favorable with Amendments SB002.pdf

Uploaded by: Brian Terwilliger

Position: FWA



**LOCAL UNION 410
INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS**

February 5, 2026

Committee: Education, Energy, and the Environment

Testimony on SB0002 – Investor-Owned Electric, Gas, and Gas and Electric Companies – Cost Recovery- Limitations

Position: Favorable With Amendments

Hearing Date: February 5, 2026

Good afternoon, Chair **Feldman**, Vice Chair **Kagan**, and members of the **EEE committee**.

My name is Brian Terwilliger, and I am the Assistant Business Manager for Local Union 410 of the International Brotherhood of Electrical Workers (“IBEW Local 410” or “the Union”).

On behalf of the International Brotherhood of Electrical Workers (IBEW) Local 410, which proudly represents over 1,400 utility workers in the Baltimore metropolitan area, including employees of Baltimore Gas and Electric, I am writing to express our strong support for **Senate Bill 0002**. As a union dedicated to advocating for fair wages, safe working conditions, and equitable treatment for our members, we believe this legislation represents a critical step toward ensuring accountability and fairness in the operations of investor-owned utilities in Maryland.

Senate Bill 2 addresses longstanding concerns about how public service companies recover costs through rates, particularly those related to executive compensation and discretionary expenditures. By **curbing** the recovery of bonuses **and making them more consistent with equality**, the bill **prevents utilities from passing excessive bonuses and perks onto ratepayers..**

Additionally, the bill's limitations on compensation exceeding 110% of the maximum annual salary payable by the Public Service Commission, along

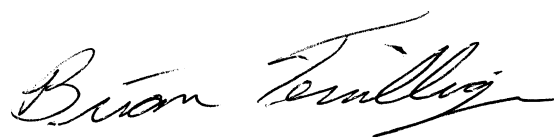
Local 410, Int. Brotherhood of Electrical Workers (IBEW)
Written Testimony on SB 0002 – Investor-Owned Electric, Gas, and Gas and Electric
Companies- Cost Recovery- Limitations
Position: Favorable with Amendments
February 5, 2026
Page 2 of 2

with the requirement to adopt reasonable cost controls on expenditures such as entertainment, renovations, transportation, and performance incentives, will promote fiscal responsibility. These measures will help keep utility rates affordable for Maryland families and businesses, reducing the burden on working-class consumers who often bear the brunt of unchecked corporate spending. In an era of rising energy costs, this legislation ensures that ratepayer dollars are directed toward essential services and infrastructure improvements rather than lavish executive benefits.

IBEW Local 410 members are on the front lines every day, maintaining and upgrading Maryland's energy infrastructure to provide reliable service. We support policies that foster a balanced approach to utility regulation, protecting both workers and the public from unnecessary cost escalations. Senate Bill 2 strikes this balance effectively and will contribute to a more equitable energy sector in our state.

We commend you for introducing this important legislation and urge the Education, Energy, and the Environment Committee, to pass Senate Bill 2 without delay. IBEW Local 410 stands ready to provide any additional information or testimony in support of this bill.

Sincerely,

A handwritten signature in black ink that reads "Brian Terwilliger". The signature is written in a cursive style with a long, sweeping underline.

Brian Terwilliger
IBEW Local 410
Assistant Business Manager

HB0001 & SB0002 - OPC Testimony in Senate.pdf

Uploaded by: Mollie Woods

Position: FWA

DAVID S. LAPP
PEOPLE'S COUNSEL

WILLIAM F. FIELDS
DEPUTY PEOPLE'S COUNSEL

JULIANA BELL
DEPUTY PEOPLE'S COUNSEL

— OPC —
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BRANDI NIELAND
DIRECTOR, CONSUMER
ASSISTANCE UNIT

CARISSA RALBOVSKY
CHIEF OPERATING OFFICER

BILL NO.: Senate Bill 0002/House Bill 0001 – Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery - Limitations

COMMITTEE: Education, Energy, and the Environment
Environment and Transportation

HEARING DATE: February 5, 2026 (EEE)
January 27, 2026 (ENT)

SPONSOR: Senator Hester
Delegate Crosby

POSITION: Favorable with amendments

The Office of People's Counsel (OPC) respectfully offers the following comments in support of Senate Bill 0002/House Bill 0001 with the amendments described below. SB 0002/HB 0001 seeks to prohibit an investor-owned utility from charging its customers for certain corporate costs that are not directly tied to the performance of core utility functions and ultimately reduce customer bills.

Specifically, SB 0002/HB 0001 would prohibit investor-owned utilities from passing on to customers the costs associated with (1) "bonus" compensation, defined in the bill as "any form of incentive compensation" and other payments "in addition to base pay that are contingent on the occurrence of one or more events or conditions"; and (2) total compensation for any "supervisor" that "exceeds 110% of the maximum annual salary payable to a member of the [Public Service] Commission for the same calendar year." *Notably, the bill does not prohibit an investor-owned utility from providing such compensation to its employees but rather shifts from customers to shareholders the responsibility to pay for any compensation above and beyond the proposed limit.* SB 0002/HB 0001 would also direct the board of directors of each investor-owned utility to

“adopt a company-wide policy placing reasonable cost limitations” on other corporate costs that are unrelated to core utility functions and generally benefit shareholders rather than customers.

OPC supports expanding limitations on ratepayer recovery for executive compensation. While customers are reeling from increasingly unaffordable bills, utility executives are rewarded with high pay and bonuses tied to exorbitant utility profits. For example, the compensation for Exelon’s chief executive officer, Calvin Butler Jr., totaled \$14.66 million in 2024.¹ The combined base salary for BGE’s executive officers in 2024 exceeded \$4 million,² and BGE’s executive-incentive compensation for 2024 exceeded \$3 million.³

Commission precedent requires the recovery of incentive compensation to have some nexus with operational performance—including customer satisfaction, safety and reliability—and to deliver value to rate payers.⁴ To comply with this policy, investor-owned utilities typically include adjustments in their applications for new rates that remove the non-recoverable amount of incentive compensation from the operation and maintenance expenses that the company seeks to recover from customers. In BGE’s most recent application for a multi-year rate plan (MRP), for example, the company proposed a ratemaking adjustment to remove incentive compensation costs totaling \$15.1 million from operations and maintenance expense over its three-year MRP.⁵

SB 0002/HB 0001 would expand this restriction by limiting ratepayer-funded recovery of *total* compensation—including base salaries—and by applying the restrictions on cost recovery to a broader class of “supervisors” as defined in the bill, rather than just executives.⁶ It is appropriate—and consistent with existing policy—to require only shareholders to shoulder those costs.

¹ Exelon Corporation, 2025 Proxy Statement and Notice of Annual Shareholder Meeting, at 60 (March 19, 2025), *available at* https://investors.exeloncorp.com/node/40291/html#ic02730017c21445ea307ebfaea53a141_1039.

² Baltimore, Gas and Electric Company, 2024 FERC Form 1 (March 27, 2025), *available at* <https://ecollection.ferc.gov/submissionDetails/236922>.

³ Baltimore Gas and Electric Company, *2024 Annual Information Filing*, ML# 317299, (Case No. 9692, March 31, 2025).

⁴ *See, e.g.*, Md. Pub. Serv. Com’n, Order No. 86060, *Application of Baltimore Gas and Electric Company for Adjustments to Its Electric and Gas Base Rates*, (Case No. 9323, Dec. 13, 2013), 2013 Md. PSC LEXIS 46, at *63–65.

⁵ Baltimore Gas and Electric Company, *Direct Testimony of John C. Frain*, Exhibit JCF 4-E, Operating Income Adjustment 4E and 4G, ML# 301409 (Case No. 9692, Feb. 17, 2023).

⁶ It is not clear whether any utility employees other than managers or executives receive financial or growth-based incentive payments, or how many utility employees—other than executives—earn total compensation above the proposed cap.

OPC recommends a favorable report on SB 0002/HB 0001 with three amendments to better align the bill with existing Commission policy and the public interest.

First, it is not in the public interest for ratepayers to pay for incentive compensation tied to utility financial performance—i.e., achieving shareholder goals—but it is in the public interest for utility employees to be incentivized to provide exemplary service to Maryland customers. To that end, OPC recommends that utilities be allowed to recover the reasonable costs associated with a “bonus” that are tied to the performance of core utility functions. OPC recommends *adding to* (d) as follows:

(D) A PUBLIC SERVICE COMPANY MAY RECOVER THE COSTS ASSOCIATED WITH PAYING AN EMPLOYEE A BONUS THROUGH RATES IF THE PUBLIC SERVICE COMPANY PROVIDES CLEAR AND CONVINCING EVIDENCE THAT:

(1) THE EMPLOYEE HAS A WRITTEN EMPLOYMENT CONTRACT THAT WAS EXECUTED ON OR BEFORE DECEMBER 31, 2025; ~~OR~~

(2) THE EMPLOYEE IS COVERED BY A VALID COLLECTIVE BARGAINING AGREEMENT; ~~OR~~

(3) THE BONUS IS TIED TO THE ACHIEVEMENT OF OPERATIONAL PERFORMANCE FOR CUSTOMER SERVICE, SAFETY, AND RELIABILITY OR OTHERWISE ADVANCES THE ACCOUNTABILITY OF THE EMPLOYEE, OFFICER, OR EXECUTIVE TO CUSTOMERS AND IS NOT RELATED TO FINANCIAL OR GROWTH-BASED METRICS;

Second, OPC recommends expanding the scope of SB 0002/HB 0001 to apply to compensation costs allocated to a Maryland utility from its parent company. Compensation costs incurred by a parent company are allocated across the parent company’s different subsidiary utilities. Because corporate costs incurred at the level of the parent company or another affiliate are generally billed to the utility through a business services company, the bill as drafted excludes those costs from any restriction on ratepayer recovery. OPC recommends the following amendment to ensure that parent-company executive compensation and bonuses are excluded from ratepayer-funded recovery:

(A) (4) “Supervisor” means an ~~individual~~ EMPLOYEE OF A PUBLIC SERVICE COMPANY, ITS PARENT COMPANY OR ANY OTHER AFFILIATE who:

...

(C) (3) Except as provided in subsection (D) of this section, paying a bonus to an employee of a public service company, **INCLUDING ITS PARENT COMPANY OR ANY OTHER AFFILIATE**; or . . .

Third, OPC supports placing additional restrictions on an investor-owned utility’s ability to charge its customers for other corporate activities that are unrelated to core utility functions and benefit shareholders over customers, like those listed in subpart (e) of the proposed legislation. Given, however, that any such restrictions would come at the direct expense of shareholders, putting a utility’s board of directors in charge of adopting a “company-wide policy placing reasonable cost limitations” on these expenses may be an ineffective means of achieving reasonable improvements. Instead, OPC recommends striking subsection (e) as drafted and replacing it with a straight prohibition against recovery of those costs unless the public service company provides clear and convincing evidence that the costs are necessary and appropriate for the public service company to meet its performance obligations to customers. *Like the limitations on compensation that can be recovered, this change would not prohibit an investor-owned utility from incurring such costs but rather shifts from customers to shareholders the responsibility to pay for them.* OPC would be happy to work with the sponsors to incorporate this change into the proposed legislation.

With the three amendments discussed above, SB 0002/HB 0001 is an important step toward ensuring that cash-strapped customers do not pay for corporate expenses that are not directly tied to the performance of core utility functions.

Recommendation: OPC requests a favorable Committee report on SB 0002/HB 0001 with the amendments described above.

2026. SB-002 (Opposition) Letter Pepco .pdf

Uploaded by: Alex Austin

Position: UNF

PRINCE GEORGE'S CHAMBER OF COMMERCE

EST. 1924

February 3, 2026

Senate Bill 002 – Investor–Owned Electric, Gas, and Gas and Electric Companies Cost Recovery Limitations.

Dear Chair and Members of the Education, Energy, and the Environment Committee,

On behalf of the Prince George's Chamber of Commerce, which represents hundreds of small and large businesses across the County and region, we respectfully oppose Senate Bill 002 Investor-Owned Electric, Gas, and Gas and Electric Companies Cost Recovery Limitations.

While the Chamber supports transparency, affordability, and accountability in utility regulation, SB-002 raises serious concerns regarding regulatory overreach, workforce impacts, and unintended economic consequences. The bill imposes rigid statutory limits on cost recovery for employee compensation and incentives matters already subject to rigorous review by the Maryland Public Service Commission (PSC). Codifying compensation caps undermines the PSC's expertise and flexibility in evaluating costs based on market conditions and operational needs.

Restricting recovery of performance-based compensation may impair an utilities' ability to recruit and retain skilled professionals essential to system reliability, cybersecurity, and grid modernization. Additionally, tying compensation to arbitrary benchmarks risks discouraging experienced leadership and private investment, potentially increasing costs and reducing reliability for businesses and residents.

For these reasons, the Chamber urges an unfavorable report on SB-002 or significant amendments to preserve regulatory discretion and Maryland's economic competitiveness.

Sincerely,

Alexander K. Austin

Alexander Austin
President & CEO,
Prince George's Chamber of Commerce

PHI - SB2 - OPP - EEE.pdf

Uploaded by: Anne Klase

Position: UNF

February 5, 2026

112 West Street
Annapolis, MD 21401

Oppose – Senate Bill 2 – Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery – Limitations

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) oppose **Senate Bill 2 - Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery – Limitations**. Senate Bill 2 would, among other things, prohibit investor-owned electric and gas utilities from recovering through rates costs related to:

- employee bonuses, as defined, except under specified conditions, or
- “compensation” for supervisors that exceeds 110% of the maximum annual salary payable to a member of the Public Service Commission (PSC)

The bill also requires the board of directors of each investor owned electric, gas, and combination gas and electric company to adopt a companywide policy placing reasonable cost limitations on expenditures for entertainment and events, office and facility renovations, transportation services, staff development activities or events, performance incentives, and other activities outside the scope of the normal course of business operations.

Compensation is Heavily Regulated by the Public Service Commission

Pepco and Delmarva Power have significant concerns regarding Senate Bill 2 as it represents a considerable shift from longstanding utility regulatory practices and would create unintended and adverse consequences for customers, employees, long-term system reliability and the state’s business competitiveness. Senate Bill 2 is inconsistent with the basic principles of the regulatory compact that governs Maryland’s relationship with its utilities. Senate Bill 1 is not just unnecessary but, if adopted, could adversely harm the ratepayers it aims to protect.

By prohibiting recovery of compensation that is necessary to provide safe, efficient, and reliable service, Senate Bill 2 violates the fundamental principles of utility regulation and Maryland’s regulatory compact—and threatens to harm ratepayers. The regulatory compact is simple: Utilities are required to “furnish equipment, services, and facilities that are safe, adequate, just, reasonable, economical, and efficient.” And the Maryland Public Service Commission (PSC) is charged with setting “just and reasonable rates” that cover utilities’ costs of carrying out that job. This “just and reasonable” standard includes “necessary and proper expenses.”

To provide reliable, safe service, utilities must provide compensation that attracts employees with the skills and expertise needed to run their systems, which are incredibly complex yet must operate with exceptional reliability. Utilities rely on highly skilled engineers, cybersecurity specialists, line workers, and technical professionals to operate critical infrastructure. These skilled employees are in high demand across disciplines, and we compete directly with technology companies, engineering firms, construction leaders, and other major industries for the same talent. In every one of these sectors, competitive base salaries and short-term incentive compensation are the standards. These tools are not just bonuses; they are essential mechanisms to recruit, reward, and retain the top performers who keep the grid safe, reliable, and resilient. Senate Bill 1 represents a substantial and unprecedented departure from the well-established principles that have guided public utility ratemaking in Maryland for decades.

At the same time, the PSC has consistently authorized the recovery of incentive compensation when such costs have been shown to improve customer outcomes. In multiple prior investor-owned utility rate cases, incentive compensation has been demonstrated to enhance operational safety, service reliability, customer satisfaction, and overall performance. In those instances, the PSC determined such costs to be reasonable and therefore appropriately recoverable in rates. There is no credible basis for removing these expenses from the PSC's authority to evaluate reasonableness and prudence. Consistent with PSC directives, incentive compensation is carefully allocated: incentives tied to operational performance are recoverable from customers; incentives tied to net income, earnings per share, or the Exelon stock price are borne exclusively by shareholders; and restricted stock awards are split evenly between shareholders and customers. The PSC evaluates these costs through detailed market analyses and has disallowed recovery when compensation is unjustified, including by denying recovery of supplemental executive retirement plan (SERP) expenses.

Senate Bill 2 as drafted, imposes a statutory cap on the level of supervisory compensation recoverable in rates, tying that cap to the salaries of PSC employees. Such a cap would represent an inappropriate encroachment upon the PSC's exclusive authority to determine just and reasonable rates under Maryland law. Establishing an externally imposed and arbitrary benchmark for labor-cost recovery would create structural distortions, leaving Maryland utilities at a competitive disadvantage nationally.

Pepco and Delmarva Power's incentive compensation programs are carefully designed to support and strengthen core operational objectives, including safety, operational excellence, customer satisfaction, workforce sustainability, cost containment, and to provide safe and reliable service. These programs are critical to motivating employees, improving performance, and fostering a culture of accountability. By disallowing the recovery of these costs, Senate Bill 2 would erode the very mechanisms that drive operational improvements and would ultimately produce adverse effects on service quality, efficiency, and customer outcomes.

Although Senate Bill 2 appears to be directed at concerns related to executive compensation, the bill's definition of "supervisor" captures a far broader set of employees. This definition includes any individual with authority to hire, discipline, promote, assign, or reward employees, direct the work of others, or respond to employee complaints. Under this expansive definition, a substantial number of Pepco and Delmarva Power's personnel—many of whom are not executives—would fall within the bill's scope.

Pepco, Delmarva Power, and Pepco Holdings employ more than 3,900 dedicated professionals who work tirelessly to deliver safe, reliable, essential electric service to more than one million customers across the state. Although many of our employees are covered by labor agreements, the majority are not represented by labor unions. As drafted, Senate Bill 1 would create an imbalance by safeguarding wages and bonuses only for employees covered under collective bargaining agreements, while leaving non-union employees without equivalent protections. The bill risks politicizing internal management decisions in a way no other industry experiences.

Maryland's Local Economy

At a time when Maryland is working to rebuild its economy following the loss of 25,000 federal jobs in 2025 and is actively seeking to attract high growth industries, creating a unique regulatory burden for one sector may raise broader concerns for companies evaluating long term investment in the state.

No other state imposes compensation design mandates on private utilities, and even heavily regulated industries like hospitals and health insurers, which are central to life, health, and public safety, face no such requirements. Finally, the fiscal note for the legislation notes that Gas and/or electric utility rates **may** decrease – or future rate increases may be minimized – as a result of the bill's prohibitions on rate recovery. **The extent to which the bill results in a decrease in rates cannot be reliably estimated at this time.**

Pepco and Delmarva Power respectfully request an unfavorable report on Senate Bill 2. We look forward to working with the committee on advancing long-term solutions that meaningfully address the state's energy challenges.

SB0002 -- Investor-Owned Electric, Gas, and Gas an

Uploaded by: Brian Levine

Position: UNF



Senate Bill 2 -- *Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery - Limitations*
Senate Education, Energy, and the Environment Committee
February 5, 2026
Oppose

The Montgomery County Chamber of Commerce (MCCC), the voice of business in Metro Maryland, opposes Senate Bill 2 -- *Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery – Limitations*.

Senate Bill 2 prohibits an investor-owned electric, gas, or combination gas and electric company from recovering through rates any costs associated with employee bonuses or “compensation” for supervisors that exceeds 110% of the maximum annual salary payable to a member of the Public Service Commission (PSC). The bill further requires that the board of directors of each investor-owned electric, gas, and combination gas and electric company to adopt a company-wide policy placing reasonable cost limitations on a variety of expenditures.

While the Chamber appreciates the goal of reducing gas and electric utility rates, we oppose implementing measures in Maryland that would make the state less competitive than its neighboring and competitor states, none of which have these requirements. No other state in the country has a law dictating how utilities must compensate their workers.

MCCC is concerned that this legislation represents a significant departure from long-standing utility regulatory practices and could ultimately harm Maryland’s business competitiveness. Although the bill’s intent is well-meaning, it may create unintended consequences that negatively impact ratepayers. It is essential for utilities to maintain the ability to offer competitive compensation so they can attract and retain a skilled workforce capable of delivering high-quality service.

Additionally, the bill would affect thousands of workers at a time when many families are already grappling with affordability challenges. By placing limits on compensation, the legislation could impose a financial burden on these workers and undermine their economic stability.

For these reasons, the Montgomery County Chamber of Commerce opposes Senate Bill 2 and respectfully requests an unfavorable report.

The Montgomery County Chamber of Commerce (MCCC), on behalf of its members, champions the growth of business opportunities, strategic infrastructure investments, and a strong workforce to position Metro Maryland as a premier regional, national, and global business location. Established in 1959, MCCC is an independent, non-profit membership organization.

Brian Levine | Vice President of Government Affairs
Montgomery County Chamber of Commerce
51 Monroe Street | Suite 1800
Rockville, Maryland 20850
301-738-0015 | www.mcccmd.com

SB2_UNF_EEE_BGE_ Investor-Owned Electric, Gas, and

Uploaded by: Brittany Jones

Position: UNF



Position Statement

Oppose
Education, Energy, and Environment Committee
2/5/2026

Senate Bill 2 - Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery – Limitations

Baltimore Gas and Electric Company (BGE) opposes **Senate Bill 2 (SB2) – Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery – Limitations**. *SB2* prohibits investor-owned utilities from recovering through rates costs related to paying a bonus to any employee, unless the employee has “a written employment contract that was executed on or before Dec. 31, 2025” or if the employee is “covered by a valid collective bargaining agreement.” The bill also prohibits utilities from recovering in rates compensation for a “supervisor” that exceeds 110% of the maximum annual salary payable to a member of the Maryland Public Service Commission (“PSC”) for the same calendar year.

Marylanders deserve and expect a safe, resilient, and expertly maintained electric grid and gas system. That level of quality cannot be delivered by relying on the lowest cost labor or by eliminating customer benefits that come from incentivizing strong employee performance. It requires trained, experienced professionals who understand the complexities of critical energy infrastructure and who work every day to keep homes, businesses, and communities powered and protected. While we appreciate the intent behind *SB2*, we have significant concerns. The bill represents a major departure from longstanding utility regulatory practices and would create serious unintended consequences for customers, employees, and the long-term reliability of Maryland’s energy systems.

Top Talent drives Top Reliability and Safety Performance that Customers Expect

BGE employs more than 3,300 highly skilled professionals, with the vast majority being Marylanders, who work tirelessly to serve our 1.3 million customers with safe, reliable energy every day. Their dedicated work has ensured that Exelon utilities in Maryland rank among the highest in the nation for performance.

Utilities rely on highly skilled professionals – like engineers, cybersecurity specialists, data scientists, load forecasting analysts, and field workers – to design, operate, and maintain complex transmission and distribution systems. These workers are in high demand across the

BGE, headquartered in Baltimore, is Maryland’s largest gas and electric utility, delivering power to more than 1.3 million electric customers and more than 700,000 natural gas customers in central Maryland. The company’s approximately 3,300 employees are committed to the safe and reliable delivery of gas and electricity, as well as enhanced energy management, conservation, environmental stewardship and community assistance. BGE is a subsidiary of Exelon Corporation (NYSE: EXC), the nation’s largest energy delivery company.

John Haysbert | Brittany Jones | Guy Andes | Dytonia Reed | 410.269.5281



Position Statement

economy, and we compete directly with technology companies, engineering firms, construction leaders, and other major industries for the same talent. In every one of these sectors, competitive base salaries and short-term incentive compensation are the standard. These tools are not just bonuses; they are essential mechanisms to recruit, reward, and retain the top performers who keep the grid safe, reliable, and resilient – which is a direct benefit to customers.

SB2 imposes compensation rules that apply only to investor-owned utilities and not to our competitors and puts us at an immediate and severe disadvantage. Limiting recovery of market-based compensation would make it hard to attract and retain the skilled experts our customers rely on, leading to slower repairs, weaker oversight, higher turnover, and increased long-term costs. BGE employees receive competitive offers today from our suppliers and contractors. If utilities cannot offer competitive pay and performance-based incentives, they may be forced to rely more heavily on outside contractors, which is often more expensive and less efficient than maintaining a strong in-house workforce. Safe, reliable, and affordable service depends on having the right people with the right skills.

Base salary is what keeps us competitive in the talent market. Short-term incentives allow us to incentivize and reward strong performance without permanently raising fixed costs, creating a responsible balance that protects ratepayers while ensuring we meet the state's safety, reliability, and customer service expectations. *SB2* would disrupt this balance, making it harder for utilities to maintain the workforce needed to deliver Maryland's energy, resiliency, and customer service goals. At a time when the grid is becoming more complex, what is needed are policies that strengthen, not weaken, the ability to recruit and retain the people who keep our infrastructure running.

Compensation is Heavily Regulated by the Public Service Commission

SB2 would also disrupt the long-established framework under which the Maryland Public Service Commission (PSC) oversees utility operations and costs. State law requires utilities to provide safe, adequate, and efficient service, and the PSC is responsible for setting just and reasonable rates that cover the necessary expenses of doing so, including compensation. Consistent with PSC directives, BGE's incentive compensation is carefully allocated: incentives tied to operational performance are recoverable from customers; incentives tied to net income, earnings per share, or the Exelon stock price are borne exclusively by shareholders; and restricted stock awards are split evenly between shareholders and customers. The PSC evaluates these costs through detailed market analyses and has disallowed recovery when it is determined compensation is unjustified. An example of this involved the denial of the recovery of supplemental executive retirement plan (SERP) expenses.

BGE, headquartered in Baltimore, is Maryland's largest gas and electric utility, delivering power to more than 1.3 million electric customers and more than 700,000 natural gas customers in central Maryland. The company's approximately 3,300 employees are committed to the safe and reliable delivery of gas and electricity, as well as enhanced energy management, conservation, environmental stewardship and community assistance. BGE is a subsidiary of Exelon Corporation (NYSE: EXC), the nation's largest energy delivery company.

John Haysbert | Brittany Jones | Guy Andes | Dytonia Reed | 410.269.5281

Position Statement

Perhaps the most significant point to make is that this bill brings no guaranteed savings for customers. For the average residential electric and gas customer, using monthly usage of approximately 876 kWh and 55 therms, the best case of bill savings may be \$1.70 per month, representing less than one percent of the overall bill. This existing oversight structure is functioning as intended, and *SB2* would replace it with a new mandate that restricts the PSC's ability to rely on the full range of tools and evidence it currently uses to evaluate utility expenditures.

Legal Challenges

Preemption

SB2 establishes unprecedented restrictions and raises grave legal questions that render the bill vulnerable to challenge. The bill would create an imbalance by safeguarding wages and bonuses for employees covered under a collective bargaining agreement, while leaving non-bargaining employees without equivalent protections – ultimately politicizing internal management decisions in a way no other industry experiences. It also raises questions under the National Labor Relations Act. Utilities may recover bonuses set in collective bargaining agreements but not otherwise, absent grandfathering. Thus, *SB2* has the effect of encouraging employees to seek, and employer utilities to promote, unionization. While BGE respects the rights of employees to choose to be represented, the United States Supreme Court has explained that states may not regulate conduct Congress intended “to be controlled by the free play of economic forces,” including the decision of whether to unionize or not¹. *SB2* does just that, in a manner the Supreme Court has made clear is problematic.²

Takings Clause

SB2 does not remove or reduce the utilities' obligation to provide “safe, adequate, and efficient service,” as defined in the Maryland Code Public Utilities Article.³ Yet, it adds restrictions on employee compensation despite that compensation previously being deemed prudent and necessary to provide this level of service by the PSC. The Supreme Court explained in *Federal Power Commission v. Hope Natural Gas Co.*, 320 U.S. 591⁴, a valid rate must “enable the company to operate successfully, to maintain its financial integrity, to attract capital, and to

¹ *Machinists v. Wisconsin Employment Relations Comm'n*, 427 U.S. 132 (1976).

² See, e.g., *Chamber of Commerce v. Brown*, 554 U.S. 60 (2008) (invalidating state law that prevented recipients of grants from using the funds to advocate on union organizing).

³ Md. Code Pub. Utils. § 5-303

⁴ *Id.* at 605.

BGE, headquartered in Baltimore, is Maryland's largest gas and electric utility, delivering power to more than 1.3 million electric customers and more than 700,000 natural gas customers in central Maryland. The company's approximately 3,300 employees are committed to the safe and reliable delivery of gas and electricity, as well as enhanced energy management, conservation, environmental stewardship and community assistance. BGE is a subsidiary of Exelon Corporation (NYSE: EXC), the nation's largest energy delivery company.

John Haysbert | Brittany Jones | Guy Andes | Dytonia Reed | 410.269.5281



Position Statement

compensate its investors for the risks assumed. *SB2* expressly and specifically prohibits utilities from recovery amounts needed to operate successfully.

Maryland's Local Economy

SB2 would introduce an unprecedented form of state involvement in how private employers structure compensation for specialized staff. At a time when Maryland is working to rebuild its economy following the loss of nearly 25,000 federal jobs in 2025 and is actively seeking to attract high growth industries, creating a unique regulatory burden for one sector may raise broader concerns for companies evaluating long-term investment in the state. No other state imposes compensation design mandates on private utilities, and even heavily regulated industries like hospitals and health insurers, which are central to life, health, and public safety, face no such requirements.

Exelon is a Fortune 200 company with BGE proudly headquartered in downtown Baltimore. Establishing this precedent for one industry could create uncertainty for any sector that relies on specialized talent and is considering Maryland as a place to grow. *SB2* may weaken Maryland's ability to attract top talent, undermine the PSC's established regulatory authority, threatens safety and reliability, and sends a discouraging signal to businesses across the state.

In closing, the General Assembly continues to rely on its investor-owned utilities to support innovative pilots focused on electrifying the grid and enabling new technologies. It is imperative that we continue to recruit, hire, and retain the best talent to meet these expectations and, most importantly, serve our customers in a safe and reliable manner with the continued oversight of the PSC. BGE respectfully urges the Committee for an unfavorable report for *SB2*.

BGE, headquartered in Baltimore, is Maryland's largest gas and electric utility, delivering power to more than 1.3 million electric customers and more than 700,000 natural gas customers in central Maryland. The company's approximately 3,300 employees are committed to the safe and reliable delivery of gas and electricity, as well as enhanced energy management, conservation, environmental stewardship and community assistance. BGE is a subsidiary of Exelon Corporation (NYSE: EXC), the nation's largest energy delivery company.

John Haysbert | Brittany Jones | Guy Andes | Dytonia Reed | 410.269.5281

SB 0002 – Investor Owned Electric Gas, and Gas and

Uploaded by: Danna Blum

Position: UNF



February 3, 2026

Education, Energy, and Environmental Committee
Senator Brian J. Feldman
Miller Senate Office Building
11 Bladen Street
Annapolis, Maryland 21401

Re: SB 0002 – Investor-Owned Electric, Gas, and Gas and Electric Companies – Cost Recovery – Limitations - Oppose

Dear Senator Feldman:

SB-0002 — Education, Energy and Environment Committee - Oppose

While the Chamber appreciates the General Assembly’s focus on energy affordability and accountability, SB0002 would undermine Maryland’s economic competitiveness, workforce stability, and energy reliability, while departing from long-standing regulatory practices that already provide strong oversight.

SB2 Creates a Competitive Disadvantage - The bill imposes compensation and cost-recovery restrictions not applied to any other Maryland industry or to utilities in neighboring states. No state in the nation mandates how investor-owned utilities must structure employee compensation, placing Maryland at a competitive disadvantage.

Utilities rely on highly skilled engineers, cybersecurity specialists, line workers, and system operators. Restricting performance-based compensation would hinder recruitment and retention, increase turnover and reliance on contractors, and risk slower restoration and higher long-term costs. Incentive compensation represents less than 1% of the average residential bill—about \$1.70 per month—yet is essential to maintaining reliability.

SB0002 Overrides Proven Oversight - Maryland’s Public Service Commission already conducts rigorous, evidence-based reviews of utility costs and compensation. SB0002 would limit the PSC’s discretion and replace an effective regulatory framework with a rigid legislative mandate.



A Concerning Signal to Maryland Businesses - At a time when Maryland is working to strengthen its economy, SB0002 signals potential state intervention in internal compensation decisions, creating uncertainty that discourages investment and job growth.

The Carroll County Chamber of Commerce, a business advocacy organization of nearly 700 members, opposes this bill. We therefore request that you give this bill an unfavorable report.

Sincerely,

A handwritten signature in black ink that reads "Mike McMullin".

Mike McMullin
President
Carroll County Chamber of Commerce

CC: Delegate Chris Tomlinson
Senator Justin Ready

Draft Opposition Letter - Central Maryland Chamber

Uploaded by: Dewan Clayborn

Position: UNF



Opposition to SB2 – Investor-Owned Electric, Gas, and Gas & Electric Companies – Cost Recovery Limitations
Senate Education, Energy, and Environment Committee

Dear Chair Feldman and Members of the Committee:

On behalf of the Central Maryland Chamber of Commerce and the thousands of employers we represent across the Baltimore region, we respectfully **oppose Senate Bill 2 (SB2) – Investor-Owned Electric, Gas, and Gas & Electric Companies – Cost Recovery Limitations**.

While the Chamber appreciates the General Assembly’s focus on energy affordability and accountability, SB2 would undermine Maryland’s economic competitiveness, workforce stability, and energy reliability, while departing from long-standing regulatory practices that already provide strong oversight.

SB2 Creates a Competitive Disadvantage for Maryland Employers. This bill imposes compensation and cost-recovery restrictions on utilities that are not applied to any other industry in Maryland, nor to utilities in neighboring states. No other state in the nation mandates how investor-owned utilities must structure employee compensation. This creates a unique regulatory burden that makes Maryland less competitive for business investment at a time when the state is working to recover from significant job losses and attract high-growth industries.

Utilities rely on highly skilled engineers, cybersecurity specialists, line workers, data analysts, and system operators to maintain safe and reliable service for residents and businesses. These professionals are in high demand and compete directly with technology, construction, and engineering firms.

Limiting the ability to offer competitive, performance-based compensation:

- Weakens the ability to attract and retain specialized talent
- Increases turnover and reliance on outside contractors, which is often more expensive over time
- Risks slower restoration, reduced system oversight, and higher long-term costs for customers

For context, incentive compensation represents less than one percent of the average residential utility bill - approximately \$1.70 per month, yet plays a critical role in maintaining system performance and reliability.

SB2 Undermines Established Regulatory Oversight. Maryland’s Public Service Commission (PSC) already rigorously reviews utility costs and compensation to ensure rates are just and reasonable. The PSC has a proven track record of:

- Allowing recovery only for compensation tied to operational performance
- Disallowing costs deemed unjustified
- Protecting ratepayers through transparent, evidence-based review

SB2 would override this long-standing framework, limiting the PSC’s discretion and replacing it with a one-size-fits-all legislative mandate that risks unintended consequences.

Broader Economic Signal to the Business Community

At a time when Maryland is focused on economic recovery and workforce growth, SB2 sends a troubling signal that the state may intervene in internal compensation decisions for one sector today — and potentially others tomorrow. This uncertainty can discourage long-term investment and job creation across the broader business community.

For these reasons, the Central Maryland Chamber of Commerce respectfully urges the Committee to issue an unfavorable report on SB2.

Thank you for your consideration and continued commitment to Maryland’s economic vitality.



Central Maryland Chamber
Conduit of Commerce

Sincerely,

Dewan Clayborn
President & CEO
Central Maryland Chamber of Commerce

SB0002_WGL_Crossley_UNF.pdf

Uploaded by: Nakhia Crossley

Position: UNF



1000 Maine Avenue, SW | Suite 600 | Washington, DC 20024 | www.washingtongas.com

COMMITTEE: EDUCATION, ENERGY, AND THE ENVIRONMENT

TESTIMONY ON: INVESTOR-OWNED ELECTRIC, GAS, AND GAS AND ELECTRIC COMPANIES – COST RECOVERY – LIMITATIONS

POSITION: OPPOSE

HEARING DATE: FEBRUARY 5 AT 1:00 PM

WASHINGTON GAS RESPECTFULLY SUBMITS THIS STATEMENT IN **OPPOSITION** TO **SENATE BILL 2 – INVESTOR-OWNED ELECTRIC, GAS, AND GAS AND ELECTRIC COMPANIES – COST RECOVERY – LIMITATIONS (2025)**

The Commitment to Affordability

Washington Gas Light Company (“Company” or “WGL”) acknowledges its shared commitment with the Public Service Commission (“Commission”) to pursue affordability and accountability regarding utility expenditures that are recovered from customers. WGL has a sustained record of affordability thanks to prudent management of capital costs and operations and maintenance expense, targeted investment in safety and workforce development, and rigorous energy acquisition protocols.

Capping Compensation and Other Expense in Rates

SB 2 would preempt Commission authority over base rate recovery of bonus and compensation expense associated with utility company “Supervisors,” and directs utilities to adopt “reasonable cost limitations” on expenditures for entertainment, renovations, travel, and performance incentives, among other items.

SB 2 proposes to eliminate bonus expense from rates altogether, and to cap recovery of compensation for public service company Supervisors at 110% of the maximum annual salary payable to a member of the Commission. This law change represents a departure from traditional ratemaking, in which the Commission exercises broad discretion over inclusion of bonus and compensation expense in base rates. The standard the Commission uses in judging whether to include expense in rates is that customers should fund expense that is necessary, prudent and directly related to providing service. Further, bonuses and compensation for utility employees must be comparable to similar jobs in the utility sector and geographic area.

SB 2 also directs utility boards of directors to adopt “reasonable cost limitations” on expenditures for entertainment, renovations, transportation, staff development, performance incentives or other activities “outside the scope of the normal course of business operations.”

Bill Analysis

SB 2 undermines Maryland’s proven regulatory model and replaces Commission expertise with rigid statutory mandates. Under the Public Utilities Article, the Commission already has the authority to (i) review compensation for prudence; (ii) disallow unreasonable or excessive costs; (iii) balance affordability, reliability, and performance. In short, SB 2 substitutes legislative judgment for case-by-case, evidence-based review by the Commission.

Unfortunately, SB 2 weakens, rather than strengthens, ratepayer protections by prejudging entire categories of costs as unreasonable and preventing the Commission from considering context, outcomes, or performance. SB 2’s mechanical approach limits the Commission’s ability to protect customers effectively. For example, as written, SB 2 proscribes the Commission from reviewing any and all Supervisor salaries included in rates that are at or below the level of 110% of the highest paid Commissioner. This approach effectively guarantees rate recovery for the vast majority of utility Supervisor salaries, no matter the actual performance of those Supervisors. Some utilities may reclassify current non-Supervisors as Supervisors to take advantage of automatic salary recovery in rates.

With respect to corporate policies regarding expenditures for entertainment, renovations, travel and other items, SB 2 appears to attempt to extend Maryland law over expenditures that are not recovered in regulated rates and fails to define the concept of reasonableness or how the new law might be implemented or enforced for public service companies. The current overreaching and vague language invites potential legal challenges and avoidable disputes before the Commission.

SB 2 will not lower customer bills because compensation is not a material driver of energy costs. Customer bills are driven primarily by: (i) fuel and supply costs; (ii) infrastructure; investment; transmission congestion (for electric); and (iv) demand growth and weather volatility. Employee bonuses and incentive compensation represent a small fraction of total costs. For a multi-jurisdiction utility like WGL, compensation allocated or assigned to our Maryland jurisdiction has an even smaller impact on rates, *i.e.*, approximately 40% of total compensation. In sum, Maryland ratepayers will not see any benefit from SB 2 in rates.

SB 2 does not address the real and complex causes of Maryland’s energy cost increases – which are largely outside the control of management – including PJM capacity constraints (for electric), data center load growth, inflationary construction costs, and compliance mandates such as local paving requirements for gas projects. Instead, SB 2 would penalize WGL for upward pressure on rates that the Company cannot control, and for which WGL has a strong track record of prudent cost management, thanks in part to well-trained, cost-disciplined Supervisors.

SB 2 introduces workforce instability, which raises long-term costs. Compensation restrictions can lead to higher turnover; greater reliance on costly contractors; project delays; increased training and recruitment costs. In sum, a less stable workforce is a more expensive workforce.

SB 2’s arbitrary compensation caps also ignore market realities. Tying recoverable compensation to public-sector salaries ignores private-sector labor markets, disregards operational risk and accountability, and impairs recruitment and retention of skilled professionals.

Allowing costs in rates for union employees under CBAs and pre-2025 contracts will also disrupt a stable workforce, creating internal inequities, morale issues, distort workforce planning and may lead to unnecessary litigation related to workplace discrimination.

Further, SB 2's formulaic approach compares bonuses and compensation for dissimilar jobs. Utility Supervisors—which number in the hundreds at WGL—and Commission members do not perform the same roles. The supervisory role at WGL is wide-ranging, including field supervisors overseeing Operator Qualified construction crews and outside contractors engaged in specialized activities, supervisors overseeing employees engaged in customer communications and emergency dispatch services, safety supervisors who work with the Commission's pipeline safety staff, process and personnel supervisors, leak detection and repair supervisors, construction and security supervisors, accounting and supply chain supervisors, with senior management supervisors overseeing them all.

Commission members unquestionably provide vital oversight of Maryland's utilities to assure just and reasonable rates and must have a working knowledge of most utility operations. But Commissioners are not expected to have the detailed or specialized knowledge of utility Supervisors. Given these material differences in job skills and expectations, there is no rational basis to tie bonus and compensation for utility Supervisors to an appointed State of Maryland appointee.

From the utility perspective, performance incentives are cost-control and QOS tools. Traditionally Maryland utilities have tied performance incentives to enhanced safety outcomes; improved reliability metrics; operational efficiency; and customer service performance. By constraining what portion of Supervisor salaries can be included in rates, SB 2 inadvertently reduces accountability to customers, discourages innovation and increases long-term system costs.

About Washington Gas

Washington Gas Light Company provides safe, reliable natural gas service to more than 1.2 million customers in Maryland, Virginia, and the District of Columbia. Washington Gas has been providing energy to residential, commercial, government, and industrial customers for more than 177 years, and currently serves nearly 520,000 Maryland customers in Montgomery, Prince George's, Charles, St. Mary's, Frederick, and Calvert Counties. The Company employs over 600 employees in Maryland, and hundreds of outside contractors, plumbers, union workers, and other skilled tradespeople. The Company strives to improve the quality of life in our communities by maintaining a locally-based workforce, working with suppliers that represent and reflect the communities we serve, and giving back through its charitable contributions and employee volunteer activities. The Company, together with other natural gas distribution utilities, are responsible for delivering the primary source of heat to Maryland residential energy consumers, serving approximately one half of all Maryland households while providing critical energy services to residential, commercial, and industrial customers at one-third the cost of electricity on a per unit basis.

Contact:

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MD 2026 SB 2 Columbia Gas Testimony Final.pdf

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Position: UNF

**UNFAVORABLE Senate Bill 2
Investor-Owned Electric, Gas, and Gas and Electric Companies –
Cost Recovery Limitations
Senate Education, Energy, and the Environment Committee**

Columbia Gas of Maryland, Inc. (Columbia Gas) opposes Senate Bill 2 (SB 2), which prohibits cost recovery by investor-owned electric, gas, and combination gas and electric companies through rates of certain labor costs and costs associated with paying certain levels of compensation and bonuses to employees. Further, SB 2 would require boards of directors to adopt policies to place “reasonable” cost limitations on certain expenditures for recovery through rates by these companies.

The proposed legislation will significantly impact investor-owned utilities’ (IOUs) abilities to attract and retain high-quality talented employees, putting IOUs at high risk of losing talented employees if certain levels of compensation and bonuses are no longer paid because the costs are no longer recoverable in rates. Losing high-quality talent will have a significant financial impact in the form of increased costs associated with employee turnover including recruiting costs and training costs, which are recoverable in rates. In 2025, our Human Resources Department estimates it costs \$3,500 to hire a new employee. For our most highly complex hourly roles in Maryland like a meter and regulator specialist, it can take up to \$33,000 and up to four years to be fully trained and develop the skills to handle the most complex situations they may face in the field.

Further, the legislation will not immediately reduce customer utility bills because it requires a utility to go through a rate case¹ in order to implement the change. In fact, the legislation may not reduce utility bills at all. The fiscal and policy note for SB 2 states “Gas and/or electric utility rates **may** decrease – or future rate increases **may** be minimized – as a result of the bill’s prohibitions on rate recovery. **The extent to which the bill results in a decrease in rates cannot be reliably estimated at this time.**”

The proposed legislation is very broad and a significant departure from decades of utility ratemaking principles and processes where the Maryland Public Service Commission (PSC) comprehensively reviews reasonable and prudent utility costs in a base rate or make whole proceeding. This PSC review includes the IOU’s operation and maintenance (O&M) expenses, which include labor costs, as well as incentive/bonus compensation. The PSC and the intervening parties always scrutinize compensation of employees and routinely disallow rate recovery of certain bonus payments.

However, the PSC has approved the recovery of costs it finds to be appropriate and beneficial to customers as it relates to incentive compensation. In prior IOU base rate cases adjudicated with the PSC, incentive compensation/bonuses have been demonstrated to provide ratepayer benefits and therefore have been appropriately and properly recovered in rates. There is no valid justification to remove these items from the PSC’s authority to review and determine the reasonableness of recovery, and the legislation attempts to solve a problem that does not exist.

¹ Rate cases are time-consuming and expensive, and rate case expenses are recoverable in rates.

Columbia Gas submits that implementing a cap on the amount of supervisor compensation that an IOU can recover in rates usurps the PSC's authority to determine just and reasonable rates. In addition, using an arbitrary moving target, such as PSC salaries, as the limit for recovery is also inappropriate because it drives IOUs to file rate cases in order to recover typical increases in labor expense.

The PSC is the agency with specialized expertise in utility ratemaking. The legislature should allow the PSC to continue reviewing all aspects of an IOU's capital expenditures, O&M, depreciation, and tax expenses in determining just and reasonable rates. To our knowledge, no other state in the country is currently considering a proposal comparable to SB 2. The legislature should not assume the responsibility of utility ratemaking when it established the PSC decades ago to perform this function.

While SB 2 may be targeted to rein in the recovery of executive compensation from utility ratepayers, the impact of SB 2 goes far beyond chief executive compensation and bonuses. The legislation's impact includes any employee considered a "supervisor" which is defined as an individual who is authorized to hire, transfer, suspend, lay off, recall, promote, discharge, assign, reward, or discipline other employee; directs the work performance of other employees; and is responsible for responding to employee complaints. For Columbia Gas this could include employees like engineers, crew leaders, and meter and regulator specialists all of whom are non-executive positions.

For Columbia Gas, incentive compensation/bonuses are designed to drive and reinforce company goals in occupational health and safety, operational excellence, customer satisfaction, workforce sustainability, cost containment and providing safe and reliable service to customers. It is a critical tool for motivating employees to improve performance, create efficiencies, and promote strong safety and customer service practices. SB 2 undermines these goals, leading to possible material and adverse impacts on the quality and efficiency of service provided to customers.

To remain competitive in the labor market and provide high-quality service to customers, Columbia must offer incentive compensation to employees as part of their total compensation packages. Competitive base pay alone is not sufficient; without incentives, total compensation would fall behind peer utilities, increasing the risk that employees will leave for better-paying opportunities.

Further, the presence of multiple utilities in three neighboring states within 30 miles of Columbia's service territory - states that do not impose similar compensation restrictions - increases the risk of employee migration to utilities to other states for compensation that meets market expectations.

With the challenges facing the energy industry in Maryland, Maryland's utilities need to attract the best and brightest talent to move the state through these challenges. SB 2 will have a chilling effect on attracting high-quality talent to the State of Maryland. In addition, the legislation may create a fractured employee culture at utilities between represented and non-represented employees who may be treated differently on compensation issues due to the requirements of SB 2. The treatment of employees fairly and equally on compensation is foundational to the effective and successful operation of utilities and any other business organization.

Consequently, Columbia Gas cannot support Senate Bill 2 as appropriately crafted policy for the efficient and effective operations of IOUs and therefore urges an unfavorable report.

February 5, 2026

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Senate Bill 2 -Oppose Testimony 2-2-26.pdf

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Position: UNF



OUR MISSION:

Working to enhance the economic prosperity of greater Silver Spring through robust promotion of our member businesses and unrelenting advocacy on their behalf.

Senate Bill 2 -- *Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery - Limitations*
Senate Education Energy and the Environment Committee

February 5, 2026

Oppose

Senator Hester and esteemed committee members:

On behalf of the Greater Silver Spring Chamber of Commerce, representing more than 350 employers, mostly small and minority owned businesses, in greater Silver Spring and surrounding areas in Montgomery County, the Chamber would like to register its opposes Senate Bill 2 -- *Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery – Limitations*.

The Chamber understands the concerns about rising utility rates and appreciates the goal of reducing gas and electric utility rates, but we oppose implementing measures in Maryland that would make the state less competitive than its neighboring and competitor states, none of which have these requirements. No other state in the country has a law dictating how utilities must compensate their workers.

Senate Bill 2 prohibits an investor-owned electric, gas, or combination gas and electric company from recovering through rates any costs associated with employee bonuses or “compensation” for supervisors that exceeds 110% of the maximum annual salary payable to a member of the Public Service Commission (PSC). The bill further requires that the board of directors of each investor-owned electric, gas, and combination gas and electric company to adopt a company-wide policy placing reasonable cost limitations on a variety of expenditures.

The Greater Silver Spring Chamber of Commerce is concerned that this legislation represents a significant departure from long-standing utility regulatory practices and could ultimately harm Maryland’s business competitiveness. Although the bill’s intent is well-meaning, it may create unintended consequences that negatively impact ratepayers. It is essential for utilities to maintain the ability to offer competitive compensation so they can attract and retain a skilled workforce capable of delivering high-quality service.

Additionally, the bill would affect thousands of workers at a time when many families are already grappling with affordability challenges. By placing limits on compensation, the legislation could impose a financial burden on these workers and undermine their economic stability.

For these reasons, the Greater Silver Spring Chamber of Commerce opposes Senate Bill 2 and respectfully requests an unfavorable report.

Should you have questions, do not hesitate to contact us.

Sincerely,

A handwritten signature in black ink that reads "Stephanie M. Helsing".

Stephanie Helsing
President & CEO

SB 2_Chesapeake Utilities_Unfav (02-05-26) (Final)

Uploaded by: Steve Baccino

Position: UNF



February 5, 2026

SENATE EDUCATION, ENERGY AND THE ENVIRONMENT COMMITTEE
SB 2 – Investor-Owned Electric, Gas, and Gas and Electric Companies – Cost Recovery -
Limitations

Statement in Opposition

Chesapeake Utilities of Maryland, Inc. (“Chesapeake”) provides natural gas local distribution service to approximately 33,000 customers across Maryland's Eastern Shore (including Cecil, Dorchester, Caroline, Wicomico, Worcester and Somerset counties). Chesapeake respectfully **OPPOSES** SB 2 which seeks to prohibit any electric or gas public utility from recovering through rates any costs associated with bonuses paid to any utility company “Supervisor” or any “Employee” who is not covered by a collective bargaining agreement. In addition, SB 2 requires the board of directors of each Maryland gas or electric company to adopt policies that place reasonable cost limitations on expenditures for certain activities including entertainment, performance incentives and other activities outside the scope of the normal course of business operations. For the reasons explained herein, SB 2 is unnecessary, misguided and could harm utility customers by hindering the ability of gas and electric utilities to hire and retain qualified employees.

SB 2 is unnecessary and usurps the authority of Maryland's utility regulator. Under Maryland law, the Maryland Public Service Commission (the “Commission”) approves the rates charged by all public utility companies. In return for monopoly service territories (that also prevent unnecessary duplication of utility services), public utilities (by law) have an obligation to serve all customers who request service.¹

Over 100 years ago, the General Assembly established the Commission as the State agency with specialized knowledge in public utility ratemaking. The rates set by the Commission must be “just and reasonable” and allow the utility to recover its reasonable operating and maintenance expenses (including labor costs) and earn a reasonable return on the company's property used and useful in providing service.² Moreover, the Commission's long-standing regulatory practice allows utilities to recover in rates employee salaries and incentive compensation – but only if the bonus is teathered directly to demonstrated customer benefits. For example, under current Commission practice – an employee bonus tied to the stock performance of the utility would not be allowed in rates. On the other hand, a bonus tied to a customer service, safety or cybersecurity metric would be appropriate for consideration in rates (e.g., incentives tied to improved customer service call wait times, reductions in preventable accidents, or phishing prevention rates). Also, the Commission may already deny recovery of any expenses (including employee compensation) that it finds to be imprudent.

¹ See Public Utilities Article (“PUA”) § 5-303.

² See, PUA §§ 4-101 and 4-201.



Chesapeake is not aware of any evidence or examples of the Commission allowing inappropriate or exorbitant bonuses to be recovered through rates.³ Nevertheless, SB 2 would completely usurp the Commission's authority to determine just and reasonable rates. Under the U.S. Constitution (and State law), a regulator may only deny a utility rate recovery of a particular operating expense (such as employee compensation) if the expense is found to be imprudent and then, only after appropriate due process fact finding (i.e., a Commission rate case). However, SB 2 simply and presumptively declares by fiat that all incentive compensation is imprudent (and unrecoverable). However, the General Assembly delegated its power in this area by creating the Commission to be the expert regulator in the complex area of utility regulation. SB 2 is wholly inconsistent with the reason the Commission was created in the first place and its on-going statutory responsibilities. We note that the Commission (and the intervening parties in rate cases) heavily scrutinize all capital investments and operating expenses incurred by regulated utilities. Indeed, Commission rate case orders consistently grant utilities some of the lowest rates of return when compared to other state commissions.

SB 2 seems to be motivated by a narrative that Maryland public utilities are continuously increasing rates or somehow earning excessive profits. As it relates to Chesapeake, this is a false narrative. Prior to last year, Chesapeake's Maryland division had not filed a rate case for over 16 years. More importantly, over the period of 2005 to 2025 - the actual annual bill for the average Chesapeake customer has tracked lower than inflation. Given Chesapeake's history of providing excellent customer service while operating within its means (without the need for numerous rate increases), we are unclear as to the problem SB 2 is attempting to solve.⁴

SB 2 could hinder utility performance. Similar to any non-regulated companies, public utilities must attract talented employees in order to provide outstanding and safe service to customers. Although gas companies operate as monopolies; gas customers are not "captive" *per se*. Customers are not required to sign up for gas service – any customer is free to disconnect from the gas system and convert their home/business to propane, fuel oil, or all-electric. Safety is Chesapeake's top priority, yet HB1 would deny any bonus tied to safety metrics, harming a helpful incentive that protects both customers and our employees. Customer service is another prime concern for our Company and SB 2 would prohibit all incentive compensation (even incentives tied to customer benefits that work to further motivate employees).

Most public utilities (and non-utilities) compensate employees through a combination of salary and incentive compensation. Qualified employees with experience operating a public utility business are becoming an increasingly scarce commodity. Maryland utilities must compete with out-of-state utilities to retain and recruit top talent. Simply put, prohibiting all incentive compensation sends a negative message to Maryland utility employees and out-of-state workers considering employment

³ Moreover, a separate existing statute already prohibits public utilities from charging excessive rates. See PUA § 4-502.

⁴ Also, we are unclear as to the logic supporting the distinction in SB 2 that would allow bonuses to be recovered in rates for employees covered by a collective bargaining agreement – but prohibit those same bonuses for other non-union employees.



with a Maryland utility. The ability to attract and retain strong executive leadership has an absolute impact on a utility's credit rating and ability to attract capital and borrow at preferable rates. HB1 lays the ground work to negatively impact those credit ratings, driving up costs that would flow through to customers in rates, ultimately harming rate payers.

On behalf of Chesapeake, and our thousands of employees and their families who contribute every day in the communities where they live, work and serve, we respectfully request an unfavorable report on SB 2.

Chesapeake Utilities Corporation
Steve Baccino, Governmental Affairs Director
Contact: sbaccino@chpk.com

SB2 Information PSC draft.pdf

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Position: INFO

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CHAIR



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PUBLIC SERVICE COMMISSION

Chair Brian Feldman
Education, Energy, and the Environment Committee
2 West Miller Senate Office Building
Annapolis, MD 21401

RE: SB 2 - Information - Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery - Limitations

Dear Chair Feldman and Committee Members:

The Public Service Commission (the “Commission”) appreciates the opportunity to provide this informational testimony for SB 2. With respect to utility employee compensation, this bill: 1) removes a utility’s ability to recover the cost of all bonus compensation for any non-union employee from rates; and 2) removes the utility’s ability to recover the cost of any compensation for a supervisor that exceeds 110% of the salary of a member of the Commission. Below, the Commission outlines its current practice for evaluating whether employee base and incentive compensation are eligible to be recovered by utilities in rates, and the probable changes to this practice if SB 2 is passed.

When a utility files a case to change its base rates, the Commission has the statutory authority and obligation to determine whether costs proposed for recovery in rates are prudent and were necessarily incurred in the provision of utility service. Accordingly, during the rate case the Commission hears evidence on the appropriateness of the costs for which the utility is requesting recovery from customer rates—including executive compensation, incentive compensation, and other employee-related expenses—to determine whether such costs should be borne by ratepayers.

The Commission’s established precedent when evaluating bonus compensation is to determine what activities or goals the bonus is designed to incentivize. The Commission does not allow the recovery of employee bonuses in rates if the compensation incentivizes the attainment of financial goals that increase profits. The Commission may allow a utility to recover employee bonuses in rates only if the compensation benefits ratepayers by encouraging attainment of customer-related goals, such as those related to safety, reliability, and customer service,¹ AND the Commission finds that such expenses are necessary and proper.² If the Commission does not

¹ See *In the Matter of the Application of Potomac Electric Power Company for Authority to Increase its Rates and Charges for Electric Distribution Service*, Case No. 9286, Order No. 85028, p. 66 (July 20, 2012).

² The Commission may still disallow rate recovery of incentive compensation even if it is found to be designed to improve ratepayer services if it is not found to be proper and necessary. See e.g. *The Potomac Edison Company’s* WILLIAM DONALD SCHAEFER TOWER · 6 ST. PAUL STREET · BALTIMORE, MARYLAND 21202-6806

allow the costs to be recovered in rates, it is the utility's choice to either cut the cost or pay for it by reducing profit, which lessens shareholder earnings.

If codified, SB 2 would require the Commission to disallow all incentive compensation for any non-union employee from being included in rates. Because the Commission already does not allow rate recovery of *profit*-based incentive compensation, the function of SB 2 would be to preclude the Commission's discretion to allow recovery of *service*-based bonus expenditures if they meet the Commission's requirements for reasonableness and prudence.

For all supervisors (as defined in the bill), SB 2 would require the Commission to limit *total* compensation (as defined in the bill) recoverable from rates to no more than 110% of the salary payable to a Commission member. Essentially, this would establish a public-sector salary benchmark in place of the Commission's consideration of private-sector labor market conditions when determining compensation expenditures that can reasonably be included in rates for any supervisor. This would also necessitate a much more granular employee-by-employee compensation analysis by PSC staff and other parties during rate cases.

SB 2 could reduce utility rates or lessen rate increases in the future because of certain compensation expenses being removed from rate recovery, though this reduction may be partially tempered by an increase in employee base salaries to account for decreases in incentive pay opportunities. Additionally, if the utilities choose to cut costs rather than pay for them out of profit, the compensation packages they offer to employees may not be on par with other entities competing for talent in the same private labor markets. This could result in talent attraction or retention issues, possibly impacting utility staffing and performance.

Please contact Niki Wiggins, Director of Legislative Affairs, at irene.wiggins3@maryland.gov if you have any questions related to this informational testimony.

Sincerely,



Kumar P. Barve
Chair, Maryland Public Service Commission

Application for Adjustments to its Retail Rates for the Distribution of Electric Energy, Case No. 9695, Order No. 90847, p. 14 (Oct. 18, 2023)(where the Commission rejected the utility's request to recover COVID-related bonuses to front-line employees because they were discretionary and not necessary for the provision of service); *In the Matter of the Application of Washington Gas Light Co. for Authority to Increase Existing Rates and Charges*, Case No. 9481, Order No. 88944, p. 82 (Dec. 11, 2018) (where the Commission rejected the utility's request to recover certain incentive compensation in rates because the bonus expenses in the historical test year were related to circumstances unlikely to recur).

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